

RDP IV
MID-TERM REVIEW
FINAL REPORT
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BRAC RDP IV

MID-TERM REVIEW

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VOLUME I

MAIN FINDINGS AND RECOMMENDATIONS

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**BRAC RDP IV
MID-TERM REVIEW MISSION
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CONCLUSIONS AND RECOMMENDATIONS OF THE MTR

LFA at the PURPOSE LEVEL

By any standard, but particularly in the context of Bangladesh, RDP is a highly successful initiative, at scale, to deliver an integrated package of development resources to poor, rural women. While complacency would be dangerous, one should not underestimate the achievements of the program and the dedication of its staff. The review team concludes that RDP is making good progress towards the achievement of the purpose level indicators agreed to in the LFA of RDP IV.

Initial indications suggest that members' will be able to rehabilitate and return to their pre-flood position. However, the Impact Assessment Study, which is to be conducted in 2000, will be a significant milestone in establishing the longer-term social and economic impact of RDP.

The MTR believes that RDP has the potential to continue strengthening its program. Looking forward beyond the completion of RDP IV, the following areas will require particular attention:

- Developing a strategy to address the particular needs and priorities of the hard core poor who largely excluded from RDP, with the exception of IGVGD;
- Continuing to strengthening the sector programs and MELA to ensure sound financial management;
- Strengthening the integration of gender policies and strategic thinking into programmes, staffing and promotion.

The poverty profile of BRAC members, poverty trends and outreach to the poorest

Review data and trends in the poverty profile of BRAC members, including any indications of those groups commonly included or excluded, those benefiting from greater or lesser extents. Review the methods for integrating the poorest into RDP, in particular whether the intended graduation of IGVGD women into RDP is likely to be successful. Some analysis of dropouts will be important (amongst IGVGD members, IGVGD graduates into RPD and RDP members overall. Are BRAC various products

appropriate and accessible to the poorer groups? Assess the potential for further innovation to meet the needs of the extreme poor.

Who Benefits from RDP?

The Impact Assessment Study (IAS II, 1998) data show that by and large RDP, successfully reaches the rural poor, the majority of members meet the BRAC eligibility criterion. However, the hard core poor, are not reached by microcredit-led development initiatives. Therefore, RDP's current approach of providing credit plus skills and social awareness training will need refinement to meet the needs of the hard core poor. These conclusions were reinforced by the MTR field visits. The MTR met several women whose priority needs were access to food, health services and employment.

More care should be taken to distinguish the moderately poor and hard core poor in RDP reporting and the analysis of economic and social impact of RDP. The use of the "poorest of the poor" is too often used without rigor.

The extreme poor or hard core poor are more likely to be:

- Female headed households, with landholdings below 15 decimals;
- Suffer recurrent to chronic food insecurity; women with irregular income;
- Prefer regular wage employment to the perceived risks of microcredit and self-employment.

BRAC has identified 230,000 families in RDP areas, which fall below the economic condition of RDP members.

IGVGD: Dropouts and Graduation

The IGVGD program is targeted to hard core poor women. Vulnerable Group Development (VGD) cardholders are given 30 kgs. of wheat for 18 months through a development assistance cooperation agreement with WFP and the GOB.

In conjunction with WFP and GOB, BRAC provides social awareness training, including Human Rights and Legal Education (HRLE), nutrition, essential health care, skills training and access to credit for participating women. IGVGD is delivered to some 280 thanas and benefits over 400,000 women in the 1998-99 VGD cycle.

It is a large scale and successful program. Several studies have shown that it has increased income and provided skills training to almost 1 million women since its inception ten years ago. It continues to expand reflecting the confidence of donors and BRAC's own experience that this program reaches the poorest women within RDP.

BRAC studies suggest that 95% of BRAC IGVGD women continue their participation beyond the initial 18 month VGD cycle, and after five years, approximately 70% of IGVGD participants, who are members of RDP, have graduated into regular RDP groups.

Dropouts from IGVGD leave for a variety of reasons including:

- Ill health, or a family medical emergency which impairs repayment capacity,
- Migration of a husband whose income is needed to service a loan,
- Lack of access to savings for emergency purposes,
- Perceived risk of credit/lack of entrepreneurial capacity,
- Exclusion from a group because she is perceived to be a poor credit risk,
- She needs several income sources to service a loan.

The hard core poor are not being reached by micro credit programs alone. New initiatives targeted to this group require a safety net, a regular source of food, or income from employment, before they can take on the risks of credit. More flexible access to savings would appear to be an important need of this target group.

There is little documented research on dropouts or the experience of graduates into RDP. More research is needed to know the specific ranking of reasons for drop out and to develop specific initiatives that would benefit dropouts such as regular employment, access to essential health services.

Recommendation

RDP should document the experience of selected women who have not graduated to RDP and distill the lessons for programmes targeted to vulnerable women. Particular attention should be paid to issues such as access to savings, individual-based lending, opportunities to develop employment opportunities for the hard core poor.

RDP should document the findings of the survey of the hard core poor, and identify potential programs to address the specific priorities, and needs of this potential target group. This should be done in conjunction with other NGOs and donor organizations working with the hard core poor.

Innovations to address the needs of the hard core poor

RDP has sought out some innovations to target the hard core poor. One such promising innovation includes a lease back of land to 15,000 women for productive agroforestry. Women are earning about Tk 450 per month from tree planting on what was

non-productive land. The initial evidence of the impact of this innovation appears quite positive. Its wider replication may be limited by the availability of affordable land for lease back arrangements.

A pilot project, to benefit 10,000 women in six districts, providing a food ration and an innovative credit model is being considered. The innovation planned would provide interest free loans for IGAs without requiring groups to be formed. This pilot project should be documented to see if it could serve as a model for future innovations to reach the hard core poor.

Recommendation

RDP is trying to reach the hard core poor. RDP should develop a strategy that would establish the policies, and specific initiatives needed to reach the hard core poor. The strategy should address issues such as:

- the need for a safety net and how BRAC, in collaboration with other organizations, such as WFP, could provide such a safety net;
- how to enhance the demand for wage employment for the hard core poor building on the success of the leaseback approach developed in the Agroforestry program;
- how to improve the health condition of the hard core poor, especially maternal and child health care; *investigating the potential for a form of basic health insurance;*
- linkages with other innovative programs such as CARE Road Maintenance Program, the IFADEP I program, Jagorani Chakra;
- assess the feasibility of protected workshops, linkages to rural industrialization, and to Aarong;
- assess the lessons from innovations which target programs to the hard core poor with and without, group formation;
- *assess how to increase the support and training the hard core poor receive from BRAC and the costs of doing so.*

ii) Sustainability of Credit Operations

Impact of flood, progress towards sustainability. Experience of MELA programme. Review recent innovation in savings products and practices, and BRAC plans to extend quantitative and qualitative access to members.

Impact of flood

The impact of the 1998 flood in Bangladesh was felt acutely by people in terms of loss of assets and income. Several NGOs and international donors came forward to provide relief, and injection of fresh credit to meet people's emergency needs. The large exposure of NGOs through credit portfolios led these donors and NGOs to the question of whether these would survive the losses that people had incurred, or whether the slow down in loan repayments and loss of assets put together would cause a permanent damage to micro finance operations in the country.

The findings of the mid term review are as follows:

1. There is wide recognition that people have different types of needs at the time of a natural disaster. These are both immediate needs: that for relief (including food, health, medicines, clean drinking water, etc.) and for credit (an urgent need to replace assets, so the family may continue to earn an income). The multiple demands for increased funds at the disposal of NGOs was recognized.
2. BRAC and Proshika made a request to the donors to consider providing a fund to meet the needs arising from natural disasters, and this fund was set aside, after a review mission assessed the situation and needs, and put together a formal project for this purpose.
3. BRAC credit portfolio suffered for a while as repayment rates went down. BRAC survived this period and even managed to inject more funds as loans to the members. The repayment rates have picked up since, and the credit portfolio is not at risk now.
4. The total money spent on relief and credit was 317 million TK, of which 117 million was BRAC's contribution. An amount of 57 million tk will be returned to BRAC by donors (EC). Another 60 million taka was put into housing loan. BRAC will put back the amount loaned from the credit fund (60 million) and will create the disaster management fund from the remaining 60 million Taka as it comes back from the people.
5. Meanwhile BRAC has decided to have a Disaster Management Cell, (DMC) headed by a senior officer, who would deal with both the relief and credit needs at the time of flood and other natural disasters. As these may affect parts of Bangladesh, and not the whole, the Cell will be able to address specific needs, without having to change policies for the credit operations for BRAC-RDP as a whole.

Recommendations

- BRAC should consider **formulation of a broad policy for relief and rehabilitation** support in the case of natural disasters. This would be simple in the case of relief measures based on grants. For the credit fund, it is more difficult to announce measures in advance. However, some broad decisions may be possible, especially if the fund has a separate identity and management from the RDP credit fund.
- There is also a need to articulate a clear **plan for the Disaster Management Fund**. While the need for the Fund exists, there is a need to make a clear boundary between the RDP loan funds, and those that will be given under the DMC. This is very important because both are to be implemented by the same Area Managers.
- BRAC may consider commissioning a **study on coping strategies of people**. This would help BRAC to take on board several aspects of how the new disaster management fund may be used, and how the credit products offered by that fund may be designed to suit the needs of people in flood affected areas. It would help to design the relief component of the fund as well.

Recent Innovations in savings products and practices, and BRAC plans to extend quantitative and qualitative access to members.

Traditionally, bankers have rotated savings of one group to users of money, borrowers, and this is the foundation of the banking system. As banks grew larger, the smaller clients tended to get left out, and the recent developments in micro credit of the past two decades is really the re-discovery of banking principles, in the context of needs of the poor.

Several NGOs have taken on micro finance operations. The oldest model, implemented largely by international donor funding, were matching grants against savings of members. Over time, more sophisticated systems for savings and loans have evolved. More recently, over the past three years, there has been an increased emphasis on savings mobilization as a strategy to achieve viability of micro finance operations. This has led to offering savings instruments designed to meet the needs of poor people.

The need for flexibility in savings and withdrawals has led to design of savings instruments that allow for different types of savings products:

- where people will earn a certain return
- where people will be able to withdraw savings
- where there will be an option for long term savings, and insurance and pensions

Most MFIs and NGOs in Bangladesh have moved towards introducing at least one or two products in each range, and are giving greater choices in terms of time, frequency, terms of savings, loans, repayments.

Qualitative access

BRAC invited Stuart Rutherford to study its savings services and advise how to modify these, and offer products and services more in line with people's needs. As per his suggestions, BRAC made modifications to its current range of products. BRAC will now have four savings products and four loan products. These are as follows:

Savings	Loans
Security Savings (Weekly savings plus compulsory savings on loans, interest at 6%)	General Loans (1:50 ratio with savings)
Deposit Pension Scheme (5 – 10 years)	Programme Loans (for sectoral programmes)
Current Savings (5% interest would be earned)	Rural Enterprise Loans (non farm sector)
Fixed deposits (1 – 5 years)	Housing Loans

There is a need to make micro finance more and more flexible to suit the needs of clients. While it is not possible for BRAC to become completely flexible, given the scale of its operations, the critical issue of savings mobilization seems to have been addressed by introduction of the new savings products. Clients have the choice to keep current account or term savings from 1 to 10 years, under these four options. Sufficient flexibility for withdrawal exists, if a member has a combination of these savings accounts with BRAC.

Quantitative Access and Overall Financial Sustainability of RDP

Overall Performance

The credit portfolio of BRAC is strong. The On Time Repayment rate for the whole loan portfolio of TK 5705 million loan outstanding, is 84 %. The credit recovery within 12 installments is 96% (calculated at dues paid within 12 installments or 6 months) and up to 98% is recovered within 25 installments within a year). Since these are two-week installments, BRAC recovers 98% of the loans due within one year.

Credit as the Plank for RDP Sustainability

It is the credit portfolio, which is the main plank of financial sustainability within BRAC's RDP programme. Though most Programme Support Enterprises (PSEs) break even, they contribute little to the overall income. The sectoral programmes require continued injection of funds, and it is the credit portfolio which would contribute funds towards sustaining sector activities. The credit portfolio makes enough surpluses to fund essential health care and legal education, too, if only revenue costs are taken into account.

Projection of Credit Portfolio for Next five years

BRAC plans to extend quantitative access to credit in the coming years, to more vulnerable women in the areas where it works. BRAC has conducted a survey in the areas where it already operates, and has estimated that there are 234,000 vulnerable women in these areas. BRAC plans to extend coverage to these women, as well as another 50,000 to 70,000 new members every year. The loan portfolio is thus expected to cover 300,000 new members every year, from 1999 to 2003.

This would put an initial strain in that in the first two to three years BRAC invests in sector training of the members, hence spends more than they earn, but after year three the earnings from the portfolio exceed the costs.

As the credit portfolio generates surpluses, it seems logical that the credit portfolio be maximized in the coming years, so that the surplus can continue to fund sectoral and other development programmes of BRAC. The projections for the credit fund of BRAC are given in the Annexure. Given realistic assumptions about increase in number of members, average loan amounts, repayment rates, and costs, BRAC expects to get about 350 to 440 million TK contribution (lower end if new members are included, and higher end if they are not) from the credit fund for its development activities. (Annexure credit projection).

The projections show that including new members reduces initial earnings, but over a period of time, by 2003 the return for the projection with new members, is more than twice as high as that without new members. This indicates that it is a good long-term strategy to get revolving funds and extend coverage to new members.

Recommendations

- **Do an industry survey:** The micro credit sector in Bangladesh has broken new ground, and new products are being introduced. Given the size of the NGOs relative to the size of the country, new introductions tend to be replicated fast by others, and also make an impact on the overall market for micro credit. In this situation, it becomes important for a large NGO like BRAC to keep track of the current developments at all times, and assess impact of these on its own credit operations.
- **Position BRAC Credit Strategically :** We recommend that BRAC conduct an internal study, through RED, or using external consultant on the size of the micro credit market, with specific reference to BRAC. Keep in mind the existing competition from different agencies and products, and then project the scenario that would be of relevance to BRAC. This would help BRAC make important strategic decisions. It is like an industry survey specifically meant to make market segmenting and positioning decision for BRAC.
- **Explore Credit Guarantee Funds:** BRAC has a large amount of funds locked up in the loan loss reserve. While this is essential at the present stage, the banking sector has traditionally used credit guarantee funds. This option is now being considered by

large micro credit supporters in some countries. It may be good for BRAC to explore whether it is useful and / or possible to set up a guarantee fund for BRAC's credit fund. If this were possible, it would be a good back up for increasing coverage, especially to cover vulnerable people. It would also release more funds for BRAC for the loan operations. This may be a good idea to study, and even look at working on for post RDP IV.

MELA Review

MELA (Micro enterprise Lending & Assistance) Programme is small enterprise lending and technical assistance, aimed at small businesses, with the objective of creating employment and increased incomes of the community.

BRAC has allocated Taka 100 million from RDP IV for MELA programme. The programme was launched in 1997 and has now been introduced in 89 branches of RDP BRAC.

Findings

1. The MELA programme has performed well in terms of utilizing the loan portfolio, in June 1999 81% of the fund was utilized. The average loan amount was 35,500 TK, in June 1999 and the number of entrepreneurs reached was 3842. Of these, 73% were women.
2. The repayment rate of MELA is 98.4% in June 1999. There is a reduction from the December rate of 99.6%, and it would be worth examining which clients did not pay back.
3. There is a high demand for MELA loans. The programme will be extended to 100 branches. Each division has 10 MELA Programme Officers, and one senior officer. In order that these operations are viable at the division and branch level, MELA disbursements need to grow. The loans per division must be at least 15 - 20 million Taka to be able to cover costs.
4. Therefore, the critical issue for MELA at the current time is provision of revolving funds. The programme will need to **access more revolving funds** if it has to become viable.

Recommendations

1. **A review of MELA should be done sometime in the first half of 2000.** This would capture the lessons from MELA. The overview should lead to a plan for the expansion of MELA, and a project proposal should be written out for MELA, with projections for disbursements, outstanding loans, earnings, expenses, and cost

recovery. An estimate of demand for loans, and supply of funds, would be required. The review would bring out clearly the scaling up potential, and planning for scaling up of MELA. This may be done as an independent exercise between March and June 2000.

2. **Training programmes for MELA clients.** BRAC may consider adding value to the entrepreneurs supported under MELA programme. Typically, these are small entrepreneurs who do not write accounts, have a large part of their capital invested in working capital, and have no time to be trained. Yet, there is an opportunity to provide some value added in terms of training in basic enterprise management, accounts keeping, working capital management, etc. These programmes may be developed using internal expertise within BRAC or getting external support. With a small project for enterprise trainers, putting and piloting this package at the field level will not be difficult.
3. **BRAC can add value is by promoting a network of small entrepreneurs** at Area Level or Regional Level. Enterprise Promotion and Support institutions in India have found this a very effective strategy to have small businesses come together for growth. Over a period of time, they begin to provide training and enterprise start up support and become vibrant networks for marketing and even exports. As the business development services provided to entrepreneurs should be demand led, these entrepreneur associations will form the forums through which such needs may be assessed, and addressed, by BRAC or by strengthening these associations and networks.

Recommendations for Capacity Building

1. **BRAC should do a training needs analysis** for its 100 staff employed for MELA work. This may be done internally in BRAC first, and may involve external consultants at this stage. It would be good to use external resource persons with experience of enterprise training in the small business sector.
2. Once TNA has been completed, it would be good to have external resource persons help BRAC with **development of training packages** (for different levels, senior staff and trainers, POs, and clients), pilot testing of these and then the final stage. Consultancy for this entire process may be needed for the three-stage process outlined.
3. **BRAC needs to build links with a network of resource institutions** for enterprise support. This requires the senior officers in MELA writing to, getting information on, and even visiting some enterprise support institutions in India, Sri Lanka, Thailand and Philippines.
4. **Document the MELA experience.** BRAC experience of MELA is unique in many ways. It is an NGO experience with micro entrepreneurs, which is not common in Asia through the NGO sector. It is mainstream organizations, which provide finance

at this level, and NGOs provide through the group structures. It would be worthwhile to document the MELA experience as also to build in an element of action research with creation of small business networks at the district/ area level. The action research would have to be carefully designed and documented.

iv) Effectiveness and sustainability of sector programmes

Consider progress in implementing the recommendations of recent sector programme reviews, and general appropriateness and effectiveness of the sector programmes in contributing to employment, income generation and other social objectives, particularly gender and equity. Review the prospects of sustainability of sectoral programmes, for example through cost recovery mechanisms. Review the extent to which economically active VO members are solely/ mainly dependent on BRAC inputs. Does subsidy give BRAC an unfair advantage over other suppliers.

Identify areas of concern, and advise them on potential priorities for technical assistance in the short and medium term.

Findings

- The sector programmes are doing well, and form the dynamic linkage between credit and increasing incomes of VO members. Of the five sectors, agriculture, horticulture, fishery, poultry and livestock are well on track. BRAC needs two to three years to overcome the technical problems in the sericulture sector. The mid-term review of sericulture has made suggestions about the improvements to be made, and these are being implemented by BRAC.
- Overall, the target set for service charges is likely to be achieved in the case of all sectors except sericulture, and in the latter case the target has been revised downwards, given what are realistic targets after mid term review of sericulture.
- Sector costs were covered by service charges to the extent of 20% in 1998 (45% if training costs are excluded). The goal of overall cost recovery for sector programmes will not be achieved by the end of the project period; overall cost recovery (excluding training costs) will be to the extent of 65%. The sector programmes will continue to require support from the credit portfolio of RDP. The extent of subsidy required will be about 70 million a year with training costs, and 20 – 30 million without training costs. (This is one tenth of the total earning expected to be made by the credit portfolio in the coming years.)
- The cost recovery mechanisms evolved in BRAC over time, are very sophisticated, and well designed. They are based on services provided, inputs provided or the acreage serviced. Mechanisms are in place to monitor cost recovery and to extend coverage and outreach in each sector so it reaches

sustainable level of operations. This is done at the branch level, and supervised by the sector programme manager.

- When sectoral credit recovery is analyzed, however, we find that the sectors, which have the highest repayment rates, also have the highest percentage of loan outstanding. The weakest sector, sericulture, is also the smallest in size; it is less than one percent of the total credit portfolio. Given that the income from sericulture benefits the really poor women in the RDP portfolio, it seems reasonable to experiment with it, and try for another two years, to have some activities in the sector become viable.
- The design of sector programmes is such that there are at least five types of village level entrepreneurs created in each sector. There are also BRAC programme support enterprises providing specialized high quality inputs. Overall, BRAC sector programmes have created about 1.8 million rural businesses.
- While gender and equity impact could not be separately assessed (and this is better done in a separate study), overall position of women has improved and inequalities have been addressed by accessing and providing more public resources for poor women (land, ponds, trees).

Dependence on BRAC inputs

- BRAC has some programme support enterprises in each sector which provide inputs to the members, and from this arises the question whether BRAC members are dependent on these inputs.
- To begin with the number of these enterprises is very low, in each sector, compared to the demand for the inputs. BRAC has set up the units to service the members, because the inputs were not available.

Programme Support Enterprise under RDP	Number
Feed Units (Poultry)	2 + 1 work in progress
Poultry farm for Day old Chicks	2
Prawn hatchery	5
Fish hatchery	1

- Wherever inputs are available, BRAC members are free to buy from outside. Often they buy from BRAC after comparing price and quality.
- BRAC has started its own enterprises only in those activities which require high technology. There are enterprises planned at the village level for all other activities in each sector. BRAC has promoted several village level businesses, and the few enterprises of its own are only in the critical areas.
- In this sense, BRAC does not hold members captive, but rather facilitates income earning options to be available to its members, and acts as a link organization for new technology, inputs, and markets.

Review the extent to which economically active VO members are solely/mainly dependent on BRAC inputs. Does subsidy give BRAC unfair advantage over other suppliers?

The MTR investigated this issue by reviewing the operation of several sector programs that have a degree of vertical integration. For example, in poultry, BRAC has a number of poultry farms, chick rearing units, seed centres and distributes chicks and poultry birds to members. We found no evidence of coercion; indeed VO members seem aware of market prices and the premium to be paid for good quality and timely payment.

BRAC has established programme support enterprises because of the absence of private sector suppliers to poor rural women.

BRAC appreciates the role that the private sector can play in rural development and has consciously ensured that it does not set predatory prices that would drive out private sector actors.

Recommendations

- BRAC must produce pamphlets giving the details of each sector programme. The pamphlet must contain information like flow chart, individual enterprises/ group enterprises and BRAC PSEs at each level, numbers of women reached through each sector programmes, training provided, etc.
- The report forms for sectoral data from area offices must be redesigned, or additional formats be created to enable better decision making regarding sector-wise cost and expenses.
- There should be no pressure on the sectors to recover full costs through service charges. The costs incurred in training must be incurred through grants. This is all the more important in the context where more and more poor women are being included in the portfolio. If each client begins to pay full cost of services by BRAC in the third or fourth year of being a member, that should be all right. Subsidy to new members, from the credit portfolio or from grants, should be accepted as part of a development agenda.
- There is an opportunity for donors to promote more knowledge about BRAC in the private sector and to facilitate a dialogue. One possibility would be to hold a partnership workshop with an organization such as the Prince of Wales Business Leaders' Forum.

Gender

Review progress in implementing different aspects of BRAC's March 1998 Gender Policy (both programme and staff related initiatives) and suggest short and medium term priorities for the programme.

Findings

Although gender programming is intrinsic to BRAC, their Gender Policy was formalized as late as 1998. The Gender Policy provides corporate guidelines for gender programming within BRAC. It is not intended to provide the organizational structure nor the strategy required for planning and managing gender programmes within RDP IV.

The RDP has expanded very quickly since 1996 and the involvement of more women in the organization created tension and disruptions in the workplace. Within the past couple of years the Gender Quality Action Learning (GQAL) approach has been widely implemented, resulting in greatly improved working relationships between men and women.

Although the RDP has placed emphasis on recruiting women, most of the work continues to be done by men. At field level, the 'front line' PO (V) positions are filled by 25% women. PO (VII) positions have 22 % women while Area Managers/ PO Incharge positions are filled by 16% women. Senior RDP positions (Regional Manager and above) are filled by 25% women. While the RDP IV is likely to meet a target of approximately 25% women throughout, the numbers of women in all positions are too low to provide a strong gender influence in the programme.

In 1998, the post of PA was eliminated and staffs holding those positions have been promoted with pay increases, to the post of PO-V. This re-structuring will enable women formerly in PA positions, an opportunity to receive regular employee benefits and be promoted to lower level management positions.

The gender training recently provided by a well-known international consultant has been well received by RDP senior management. Its presentation, drawing from life examples, makes the training easy to understand and acceptable to a mainly male audience.

In 1997, 1,415 women of the VOs were elected as members of the Union Councils throughout Bangladesh. Although BRAC had strategically withheld direct involvement in the elections, poor women have utilized opportunities provided under the RDP to gain political representation, in what has traditionally been the domain of rural elite men.

RDP's social development activities all have a strong gender component centered on HRLE. Through the *Gram Shobha*, the *Polli Shomaj*, the Community Leader Workshops and Popular Theater presentations, men and women now discuss upon local practices related to underage marriage, illegal divorce, polygamy and dowry. There is an increasing level of concern expressed by local community leaders. VO members are

seeking resolution and arbitration for such problems from the Union Council Chairman and the traditional village council (*shalish*).

Following on the programmes to promote gender awareness within the larger community, RDP have undertaken collaboration with Ain-o-Shalish Kendra to pilot a legal aid programme for VO members. Judging from the escalating rate of sexual crime, the demand for this service will increase faster than what can be provided at the pilot phase.

Recommendations

1. Re-structuring Gender at a Corporate Level

To serve the interests of BRAC at the corporate level, a Gender Unit (GU) should be formed with personnel from various departments and new personnel hired-in, as required. The present GRC should become the Gender Unit, re-conceived as a 'human resource' center. Reporting to the Deputy Executive Director I, the GU should be placed outside the Training Division and should have the conceptual and managerial capacity to assess, strategize and monitor gender needs for BRAC programmes and services.

The GQAL team is well placed within the training division. After completing the GQAL sessions and other required training for BRAC, the GQAL could provide innovative, gender-based training for outside groups.¹

The Gender Unit would need close liaisons with other departments to conduct action research and to work with problems related to women's staff recruitment, promotion and retention, particularly for RDP's field programmes.

The documentation of the GRC could be centrally located in the Ayesha Abed Library. The children's day care center could be provided with logistical services and managed by a BRAC staff association or alternatively, by male personnel who may be challenged to undertake this non-traditional role.

2. A Gender Management Core for the RDP

The RDP IV needs to ensure that its successful social, gender, health and community awareness achievements are not submerged to its equally successful micro-credit programme. Placing social and gender concerns at the core of its programming will be good step in that direction.

A new unit known as "Social Development, Health, Gender and Poverty" should be re-organized within the RDP. Two well-qualified women should be placed in this unit, at the levels of Coordinator or Advisor (SDGHP) and Manager (Womens' Field

¹ For example, the 40 some trainers of the GQAL team could upgrade and modify the HRLE training (using some GQAL methodology). Such training could be 'sold' to a public audience or to specialized groups, such as the police force.

Operations). The new Social Development, Health, Gender and Poverty Unit would report to the Deputy Executive Director II.

Placing women in RDP managerial positions will strengthen the existing Social Development section, where the pace of field programming is moving very quickly into the areas of federated organizations, women's legal rights and gender-based actions with communities. Indications are that programming with very poor women through the IGVGDP will require new initiatives and rigorous attention. Placing the EHC component in the same unit will strengthen RDP.

3. Forming Women as Front Line Staff and Managers

It is imperative that the RDP not sacrifice the quality of their field programmes in order to provide a 'quick fix' to meet the quotas for women staffing. BRAC's long experience indicates that effective staff and managers are developed from a base of sound field experience. Be they women or men, this practice should prevail. To develop all RDP women as competent staff and managers would require them to spend a concentrated portion of their training period at field level.

4. Women's Area Offices

To provide further learning opportunities for women staff and managers, a few selected Area Offices could be staffed and managed only by women. This provides the opportunity for effective role-modeling and coaching. Such Area Offices should be located in difficult and remote programme areas, such as the six areas where new components of the IGVGDP are being piloted. Appointment to these posts could be encouraged by additional remuneration in the form of a 'remote post bar'. Although permanently staffed and managed by women and running all regular RDP IV programmes, these Area Offices would also serve as field training centers for women.

5. Village Level RDP Workers

RDP IV has access to a virtual army of women at the village level – the volunteer health workers and the HRLE teachers. Although these women have minimal education, they have been well trained in providing particular knowledge and skills. As their work in RDP IV comes to completion, programme managers should plan how these women can be creatively engaged for valuable work at the village level.

6. Women in BRAC's Non-Traditional Work

To encourage women's participation in all types of jobs, emphasis should be placed on recruitment and promotion of women as sector specialists, accountants, financial managers, auditors, information technology specialists, rural enterprise specialists and

researchers. It may be necessary to set quotas for women's recruitment to such jobs. In most cases, BRAC's male staff will be responsible to provide on-the-job training to new female staff. This process may require a revised GQAL exposure.

With its vast organizational and training capacity throughout the country, BRAC is well positioned to increase the number of women who can be trained and employed in the service sectors, including guest center management, commercial cooking, maintenance and gardening.

7. Women's Promotion through Education

Recruiting women at the PO-V entrance level is a good step to allow their promotion within the organization. Issues related to educational qualification for this position (or other positions) can be dealt with by providing an 'education bar' to allow for differences in education. BRAC women staff wishing to pursue further education could be provided with an educational package consisting of a loan and the provision of weekly or monthly 'time-off' to attend classes or sit examinations.

8. Rural Development Education

Over the long-term, BRAC could consider developing a Rural Development degree programme for women (and men). This could be for candidates with a lower level of education than that required for the Global Partnership programme.

9. Community-Wide Gender Training

The GQAL team is currently considering how to deliver gender training at the village level. In light of the fine work done by the GQAL, the HRLE and the subsequent spin-offs of gender issues to the wider community, gender training for the VOs may be redundant at this time and may not be required during the course of the RDP-4.

However it appears that the Community Leaders Workshops will require the preparation of gender specific material for traditional male elites and religious leaders. To develop a suitable module and prepare a training team for these sensitive workshops, RDP IV may require a gender consultant, with training experience in the South Asian context.

10. Developing a Revised Gender Policy and Strategy

Senior gender-based staff have indicated a need to update the Gender Policy. This may not be necessary at the present time. Much will be learned through the process of developing a corporate Gender Unit and an RDP Social Development, Gender, Health and Poverty Unit. Together with experimentation on improving women's recruitment and training and gender workshops for the larger community, this experience will provide the type of background needed for BRAC to prepare a Revised Policy and Strategy. This may come towards the completion of RDP IV. For this purpose, BRAC may wish to engage gender consultants, with a South Asian perspective.

Trends in BRAC - Membership Relations and Organization

- *Review functioning and development of Village Organizations, and particularly progress on past recommendations (e.g. May 1998 Monitoring Mission) on supporting VO federations which can enhance members' participation in local affairs and access to resources and;*
- *In addition, assess changing relations between BRAC and its members in terms of the increasing emphasis on viable business development, "privatization", and commercial sustainability (issues surrounding members as beneficiaries, members, clients, shareholders?). Also consider any key accountability issues arising from the above review.*

1. Follow-up on the May 1998 Monitoring Mission

Overall, the RDP-IV is making good progress in its planned social development components. The May 1998 Monitoring Mission made recommendations for qualitative reporting in the social development activities related to VOs, the Gram Shobhas and the Polli Shomaj. To some extent, RDP IV has responded to this recommendation through their reporting to the DC meetings of December 1998 and May 1999. These papers do provide some qualitative perspective to accompany the quantitative indicators that are routinely reported in the six-monthly reports.

In general, RDP's reporting to donors using only the 'log'-frame system and monitoring based on quantitative indicators is an inadequate tool to capture the trends and dynamic of social change. At the same time, in a programme as large as the RDP, quantitative indicators are necessary to provide a representative picture and to curtail the loss of data when activities are being executed in many sites with many workers, all with varying degrees of competence.

2. Changing Relations between BRAC and its VO Members

There does not appear to be any conflict in the relations between RDP IV and its members as a result of viable business development and privatization. On the contrary, it seems that by clearly demarcating these roles, BRAC and its VO members are provided with commercial sustainability, through a range of business opportunities, forward and backward production linkages and a selection of marketing choices.

The RDP-IV provides a very complete package of services and goods to its 2.2 million poor women members. At varying times in the development of the VO, its members assume different roles: as VO members they have responsibility and privileges; as VO beneficiaries they have improved access; as VO customers and clients, they have the right to purchase only quality goods and services, at the market price.

As VO members, women are benefited by a life insurance policy and basic education in hygiene, reproductive health, nutrition and sanitation. Mothers are encouraged to participate in the government's free immunization and Vitamin A campaigns and to educate their children. Children of VO members are benefited by having ready access to BRAC's primary schools, for which they pay a small monthly fee.

As clients and customers, VO members have the opportunity to purchase essential medicine, contraceptives, latrines and tubewells on a door-to-door basis. VO members pay for training and extension services on particular technical skills (poultry, fisheries, horticulture, sericulture, agriculture) and quality inputs (chicks, vaccines, poultry feed, seeds, saplings, fish fingerlings, and disease-free layings/ silk-worm eggs). For HRLE training, VO members pay a small fee that covers the cost of the teacher.

2. Functioning and Development of Village Organizations and Federations

The range and progression of social development and gender activities is impressive; the scale is enormous; the potential is great.

It would appear that over the past 12-18 months, the pace and interest level of the social development (SD) activities has increased. In part, this may be due to the fact that the Polli Shomaj and the Community Leaders Workshop have only recently come on stream and combined with the large numbers of women trained through HRLE, a sensitized mass has been created at union level. In any case, the interest in social and gender actions is possibly moving faster than the capacity of SD staff to provide the backup services that will be required.

VO members, their families and their communities are becoming active participants in recognizing and discussing the social and gender-related injustices going on around them. The VO members, the Gram Shobha, the Polli Shomaj, and local community leaders are encouraged to use village arbitration (Gram Shalish) and reconciliation as a first-level of addressing problems and injustices.

The Gram Shobha

Formerly known as 'issues meetings', the Gram Shobha is a monthly meeting for VO members to discuss social problems which are pertinent to them. To build support within the household and the community, male family members are encouraged to attend. From documentary reports and brief viewing of several meetings, it appears that most men who attend regularly are too young or too old or too unrelated to provide much influence at either the household or community levels. Newer VOs will need firm structure in the Gram Shobha meetings in order to lead their discussions beyond what is foremost in their mind (for example, latrine installation and tree plantation in the monsoon season). For older VOs (4 to 5 years) it is likely that the Gram Shobha meetings have become uninteresting because they have become repetitive. It is likely that the material used for

these meetings has to be re-designed and put on a progressive basis, using the experience of VOs who have taken advanced social-gender actions.

The Polli Shomaj

This committee consists 15-25 members, is elected by three or four VOs in a Ward to represent their federated interests. To date, the *Polli Shomaj* have undertaken to mitigate or arbitrate social and gender-related problems, obtain government khas land and ponds, encourage the Union Council to allocate resources to needy VO members (VGF cards, protected labour opportunities) and extend help to fellow members in crisis.

The *Polli Shomaj* meetings observed indicate that although these forums are intended to function with their own leadership, bringing them to that stage requires skilled facilitators with the capacity to assess what the group needs as it progresses. In particular, women POs are required to the capacity of women members to articulate, analyze and strategize.

Community Leaders Workshops

The RDP has implemented a programme of workshops for local community leaders. These workshops are designed to take the relevant social and gender issues of the Polli Shomaj to the level of public awareness. The community's elected, traditional and religious leaders are exposed to up-to-date information on the existing land and family laws of the country and encouraged to take up their civic responsibilities to solve local problems.

The community leaders workshop consists mostly of men. In the session observed, most participants were elite community and religious leaders. There was a high interest level in problems related to divorce and under-age marriage and participants were outraged at the levels of violence against women in the area. The Chairman of this Union would like to provide HRLE classes for men and women outside the VO target group but does not have the funds to do so.

The presentation of social and gender issues to community participants outside the circle of VO members and their families is an important step for the RDP. Dealing with very sensitive material to a wide-based audience will require careful preparation and *delivery*. The programme should be monitored and negative repercussions dealt with on a one-to-one basis.

Recommendations

Recognizing the scale of RD-IV and its remaining 18 month time frame, any changes of the social development components can only be conducted on an experimental and small-scale basis.

1. Qualitative Reporting for Social Development Activities

Qualitative assessment reporting, indicating social trends and specific programme impacts should be included in reports provided to the DLO. It is expected that the next Impact Assessment (No. 3) will provide a suitable format for in-depth study on selected social development and gender issues. The impact of RDP IV in influencing practices related to marriage, divorce, desertion, dowry and domestic violence at ward, union and thana levels will be of particular interest. Work with the legal aid activity and the popular theater can also be documented qualitatively. Impacts as the result of new programming with LGVDP women will be of interest for future planning.

2. A Revised Gram Shobha and Polli Shomaj Style

Using a consultative process with selected members of the VOs, a broad set of guidelines for suitable, progressive discussions for the *Gram Shobha* and the *Polli Shomaj* meetings can be prepared. The groups themselves should be asked to consider such questions as:

- how can credit and loan cycles be more effectively used to strengthen women's economic empowerment?
- what are the expectations of federations and how should they be utilized to enhance women's social empowerment?
- what means will be effective to stimulate strong women's groups and retain their interest over long periods?
- how can the interests of senior male guardians and elite village leaders best be utilized to improve the social and economic interests of poor people in the community?

As a pilot activity in areas with both mature and immature groups, a core of senior social personnel and trainers could undertake to strengthen the *Gram Shobha* and *Polli Shomaj* discussion formats. The process could be similar to that used to develop the GQAL or the popular theater material, with alternate sessions of consultation, field trial, re-adjustment and repeated field trial. A team of selected *Polli Shomaj* members and social-gender specialists could gain new ideas through a study tour of federated women's groups in West Bengal.

Each Union Council now has three elected women. Sample interviews with such women indicate that male Council members largely ignore them. They are seldom allocated funds for any particular work with women of their wards. Targeting Union Council women, either separately or in the community leaders workshops would strengthen the community/ advocacy process.

3. Strengthening the Front-Line Workers

In selected Area Offices, the PO staff dealing with the *Gram Shobha* and the *Polli Shomaj* should be women, who have been upgraded through training and coaching in advanced facilitation techniques and group development. The selected areas could include those that have become "Women's Area Offices". (see Gender TOR, No. 4).

4. Improved Skills for Social Development Personnel

RDP IV senior managers have indicated their interest in considering ways to improve the social development skills of PO staff who work with the *Gram Shobha* and the *Polli Shomaj*. Based on the recent experiences of up-graded training arranged by DFID for the Sector-Technical teams, similar training could be provided to upgrade group facilitation and training skills for social development personnel. Such training could be combined with the process discussed in No. 2 above.

5. Strengthening the Community Leaders Workshops

Special care is required for the delivery of gender-sensitive material provided at community leader workshops because this is a community-wide audience of male village elites and religious leaders. To achieve depth without upsetting sensitivities and traditional beliefs, the skills of an international gender training specialist, with experience in the South Asian context could be utilized. Such a training module would be a 'first' in Bangladesh and could be replicated for many organizations working to change attitudes towards women and the poor. The international specialist would work with a team of social-gender trainers. For the presentation of community leaders workshops, men will be most suitable for the front-line facilitation work.

Social Programmes

Interaction between BRAC social programmes (essential health care, family planning, sanitation, legal rights etc) and government services. Comment on sustainability and subsidy issues.

1. Subsidy and Sustainability

Social services are subsidized or paid for with taxpayers money in most countries of the world. At present, the universal provision of health and education services in a country as poor as Bangladesh obviously cannot be sustained without either an improved tax base or a continuation of donor funds.

RDP's programme is in no way a duplication of government services in health and education because the need is far greater than the supply. As the Executive Director

points out (Daily Star, April 9/ 99), BRAC is ready to move off with its' health and education programmes, as soon as government services can be provided as an alternative.

Subsidy and sustainability issues are also linked to efficiency. Poor people in RDP IV choose to pay for EHC services because it is of good quality and available where they need it. Similarly parents are willing to pay fees for their children in BRAC schools because they know their children are getting a good primary education.

2. RDP Collaboration in Health and Environmental Awareness

The RDP IV provides essential and reproductive health care to women and their families at village level through collaboration with the Ministry of Health and Family Planning and the Directorate of Health Engineering (DPHE).

Shastho Shebikas (SS) in Faridpur report an effective exchange of services with government health workers. For example, the Family Welfare Assistant and the Family Welfare Visitor can rely on the SS worker to motivate clients for the immunization and Vitamin A campaigns that the government conducts at village-level. The *Shastho Shebika* utilizes her good relationships with government health workers to assure timely treatment for the patients and delivery cases which she refers to the satellite clinic.

In many cases, village women prefer to purchase their family planning supplies from the *Shastho Shebika* because her service is consistently provided every month and the pills are within the expiry date. In the absence of their working husbands, women also purchase condoms from the SS because of the convenient sale at the door. Village women who need to maintain secrecy about their use of contraceptives prefer to purchase family planning supplies from the local *Shastho Shebika* because unlike the government worker visiting from the clinic, she cannot be easily identified as a family planning worker.

It is common knowledge that ordinary people who attend government clinics may have to wait all day to be treated and at the end of the day there is often no medicine available. Poor people, who cannot afford to waste their time, prefer to purchase essential medicines from the door-to-door sales of the *Shastho Shebika*.

At an organizational level, the RDP and DPHE conduct joint programmes to provide masonry training to VO members who then produce and sell sanitary latrines. From time to time, the RDP is asked to collaborate on special sanitation campaigns with DPHE. Separately funded, these 'one-off' sub-projects have the advantage of increasing sanitation coverage but when the campaign has been completed, VO masons are unable to sell latrines at their cost of tk 600, when the DPHE's subsidized price has been tk 400.

In environmental health, the RDP is currently participating in a pilot project with the DPHE and the ICCRDB to test tubewells for arsenic contamination, experiment with measures to provide alternative safe drinking water and conduct public education.

3. RDP Collaboration in Social Development Services

Government has no particular service intended to educate the public or provide organizational forums for people's participation. In this respect, the RDP's social development activities have no parallel in government.

The RDP's activities with the *Polli Shomaj*, community leader workshops and popular theater is directed towards the wider community. These are new and important public education programmes that advocate for the rights of VO members and their families. Gender-based information provided to Union Councils (a unit of the Local Government Department), marriage registrars, village decision-making groups (*shalish*) and religious leaders will strengthen their capacity for good governance.

The devolution of power to local government institutions is in itself a form of sustainability. The representation of VO members on the Union Council may eventually become an important means for poor women and men to create a demand on government departments for improved public services.

4. Recommendations

The Need for Donor Subsidy on Health, Education and Social Programmes

BRAC's health, education and social programmes all have partial systems for the payment of training, services and goods by the VO members. Nevertheless, when one considers the infrastructure provided by BRAC to effectively deliver these services, it becomes evident that some degree of subsidy will be required to maintain quality.

In studies carried out by RED, one of the main reasons for drop-out of IGVGDP women is related to their lack of working and earning capacity because of illness or death of family members. Although the RDP and WFP provide food aid, neither RDP nor government is able to provide the level of curative (and subsidized) health service required for extremely poor families. Particular strategies for the hard core poor will require intensive health care services.

Although the RDP IV intends to be financially self-sufficient at the completion of this phase, it is unreasonable to expect that solvent VO members will be willing or indeed able to finance health, education and social services for the hard core poor. Donors could consider paying for tubewells and latrines provided in the RDP IV. Financially-capable VO members would continue to pay for their tubewells and latrines and the surplus of this fund could then be invested in the provision of improved water, sanitation and health facilities for hard core poor in the IGVGDP program. For extremely poor women, donors may also wish to pay for health insurance - a programme that is under-consideration in BRAC.

In discussions with participants at the community leaders workshop in Jhenidah, it became evident that there is great public concern on the issues of violence against women. One Union Council Chairman requested support to provide a public-education campaign on early marriage, dowry and illegal divorce. When asked if the Union Council had funds to cover the RDP's costs of HRLE teachers, he replied that government funding at the Union Council level is almost entirely designated to build roads and bridges. If RDP IV were to consider extending HRLE training to the general public, they would certainly require donor funding.

Geared Up TBA Training for the Shastho Shebikas

The *Shastho Shebikas* interviewed in Jessore Sadar reported that they are frequently requested to carry out home deliveries because of the trust they have developed with women in the area and their availability at the time of delivery. Although the *Shastho Shebikas* have a sound knowledge of hygiene and can provide home delivery kits, they have not received full training as traditional birth attendants (TBAs). The EHC unit could consider moving forward their plans to provide TBA training for SS workers in as many thanas as possible. Safe delivery (and curative health) could form part of the strategy to enhance the package provided for the hard care poor under the IGVGDP.

NGO Partners of BRAC

Review progress in improving and managing relations with smaller NGOs, including BRAC support to other NGOs, and relations in the field where BRAC operates in parallel to other local smaller scale activities.

Objectives of the NGO partnership program for RDP IV:

BRAC has established the following objectives for the NGO collaboration program component of RDP IV:

- a) expand the outreach of RDP,
- b) establish and develop relationships with NGOs,
- c) develop the expertise of small and medium NGOs,
- d) avoid duplication of activities and coordinate activities,
- e) provide financial assistance to smaller NGOs for their credit and savings programs.

MTR Findings

A roundtable workshop discussion was held with the directors of 11 partner NGOs in the Jessore region during the MTR. The following is a summary of the key points raised at this forum:

- There is strong support for BRAC assistance, credit for loan program and training in credit management, accounts management and development management;
- NGOs requested more financial support to grow their loan program and for BRAC to extend the repayment period because they face liquidity problem either due to excess demand for credit from group members, or due to slow repayments when credit program starts;
- NGOs prefer BRAC credit terms and conditions to PKSf which they view as too difficult to comply with; (this may pose a problem for BRAC if an objective of the program is to help partners graduate to PKSf status) ;
- NGOs prefer BRAC to PKSf because BRAC has a social development mandate;
- NGOs need additional training at:
 - management level for capacity building, strategic planning
 - field worker level for savings and credit
 - group member level for IGAs
 - technical training and support for sector programs
 - technical training for savings and credit programs
 - training in MIS development
- NGOs want more contact with BRAC and for a longer period of time in order to *continue learning from BRAC*.

Characteristics of Smaller NGOs

- the NGO often depends on one person, the Executive Director,
- there is a lack of technical expertise in the savings and credit or sector areas,
- the MIS is weak, eg manual record keeping of credit data,
- the NGO is dependent on external donor funding... sustainability without BRAC and others must be questioned.

BRAC expects to meet the target of supporting 100 partner NGOs within RDP IV. NGO support began from March 1997 and BRAC has financed 51 NGOs up to June 1999. The quantitative target is not as important as the nature and duration of the support to fledgling organisations.

STRATEGIC OPTIONS

It is not too early for BRAC to begin thinking about the future of the NGO Partnership program and in fact the BRAC Steering Committee for NGO relations has been doing this.

Several issues should be reviewed by BRAC before the end of the current phase of support. These include:

Capacity Development of Partner NGOs

BRAC may wish to extend its support to fewer NGOs, for a longer duration and think more in terms of the capacity development and organisational sustainability of the partner organisations. This would imply a longer and deeper relationship with fewer partner NGOs. The MTR recognizes the difficulties this poses for RDP in that many NGOs may have to be turned down or their current support terminated. In the field this poses difficulties of managing relationships and potential harassment of BRAC.

An Exit Strategy for BRAC

BRAC should consider the time frame for its support to NGOs. BRAC should establish some strategy to allow it to disengage from supporting NGOs. The precise time of this disengagement may be well off into the future, but BRAC should be clear as to how it wishes to disengage.

This exit strategy could cover a variety of options and issues:

- the issues regarding possible graduation to PKSF; what are the implications for BRAC given that many partner NGOs do not wish to graduate to PKSF funding;
- the possible handing over of some partners to a different NGO support network...for example South Asia Partnership (SAP), or PRIP Trust could be a viable exit strategy for BRAC.

Conclusions/Recommendation

- partner NGOs are fledgling, incipient organizations; BRAC support is well respected and highly regarded by the partners;
- partner NGOs require more training and capacity building from BRAC eg for field level staff, for sector programmes, for financial management and accounting;
- BRAC could give partners a more comprehensive training program with perhaps less attention to financing per se as PKSf has funds; and arguably a goal of the program could be to get these partners to PKSf "bankable status";
- BRAC is encouraged to develop a strategy paper covering future support for partner NGOs which addresses issues and options such as the duration and nature of BRAC support and possible exit strategies for BRAC from NGO support.

RDP IV
MID-TERM REVIEW
AUGUST 1999
VOLUME II
MAIN REPORT

FINAL REPORT
October 1999

Roger Young
Carol Eggen
Smita Pramchendar

PROLOGUE

This volume represents the full text and analysis by the Consultants undertaken for the Mid-Term Review of RDP IV during July-August 1999. An Aide-Memoire distilling the main findings and recommendations of the team is contained in Volume I of the report.

Volume I is intended as a more accessible volume presenting the conclusions and recommendations of the mission and as a reference for the monitoring by donors of RDP's assessment of and implementation of the recommendations.

Volume II contains the detailed evidence and analysis of the Consultants. It reproduces the conclusions and recommendations of the mission for reference purposes. It has been reformatted following comments from the Donor Consortium.

Volume II follows the order of the Terms of Reference (ToRs) as given to the Consultants and the ToRs are reproduced at the end of this volume. The Annex follows the order of reference from the main text; some elements of the annex are available only in hard copy and are not therefore accessible in the electronic version of the report.

Roger Young acted as team leader for the mission and contributed chapters one and five. Smita Pramchendar, a microfinance specialist, contributed chapters two and three while Carol Eggen a health and gender specialist wrote chapter four of the report.

The findings, conclusions and recommendations of the mission represent an agreed view of the mission. These were discussed with the Donor Consortium and BRAC in mid-August 1999.

ACRONYMS

BIDS	Bangladesh Institute for Development Studies
CBN	Cost of Basic Needs
CDF	Credit Development Forum
CIDA	Canadian International Development Agency
DfID	Department for International Development (UK)
DMC	Disaster Management Cell
DOC	Day Old Chick
EHC	Essential Health Care
EU	European Union
GOB	Government of Bangladesh
GQAL	Gender Quality, Action and Learning
HES	Household Expenditure Surveys
HPD	Health and Population Development
HRLE	<i>Human Rights and Legal Education</i>
IAS	Impact Assessment Study
IGA	Income Generating Activity
IGVGD	Income Generation for Vulnerable Group Development
Kcal	Kilo calorie of energy
MELA	Microenterprise Lending and Assistance
MFI	Microfinance Institution
MTR	Mid-Term Review
NFPE	Non-Formal Primary Education
OTR	On-Time Repayment
PSE	Program Support Enterprise
PW	Poultry Worker
RCP	Rural Credit Programme
RED	<i>Research and Evaluation Division</i>
RDP	Rural Development Programme
UP	Union Parishad (lowest level of elected government)
VO	Village Organisation
WFP	World Food Programme

BRAC MTR 1999

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Chapter 1 BRAC and Poverty Alleviation

The poverty profile of BRAC's members, poverty trends and outreach to the poorest

ToR

Review data and studies on trends in the poverty profile of BRAC membership, including any indications of those groups commonly included or excluded, those benefiting to greater or lesser extents.

1.i) A profile of BRAC Members

The most comprehensive analysis of the poverty profile of BRAC members is contained in the Impact Assessment Study, (IAS II), that was published in July, 1998.

Summarizing some of the key points from the survey of BRAC and a sample of non-BRAC member comparison households:

- BRAC members by and large fall within the poverty definition generally accepted in the Bangladesh context, that of caloric intake;
- the comparison group tends to be poorer, and inequality within this group greater, than the BRAC members. This suggests that BRAC promotes equality within the poor but may not have been as successful in reaching the very poorest as conventionally defined (those with only 85% of the poverty consumption level) with the regular RDP programs;
- BRAC members make progress towards moving out of poverty; graduation is correlated with length of membership in BRAC, and with larger and more income generating activities;
- There has been limited impact on women's empowerment through the provision of credit; however, longer-term association with BRAC can lead to qualitative improvements eg knowledge about legal rights;
- at the time of the IAS survey, newer BRAC members had a higher income and asset level than others' initial endowment;¹

¹ BRAC Impact Assessment Study Rural Poverty and Empowerment 1998, pp 168 ff

1.ii) Determinants of Poverty

Poverty is a much studied subject in Bangladesh. This is quite reasonable given the extent and depth of persistent poverty indicators. The following brief summary draws on the recent work of several studies by BRAC (IAS II), the World Bank (1998) and scholars at BIDS (1999).

The key determinants of poverty in Bangladesh are:

- **household size**....the poorest households are over represented in smaller and larger household sizes;
- **female-headed households** are disproportionately poor;
- incidence of moderate and extreme poverty is highest among households with **low education levels**;
- extreme poverty is correlated with reliance on **wage employment**, while the moderately poor are disproportionately self employed; BRAC success in moving members out of poverty has been greater with providing self employment than with providing wage labour or employment, to date;
- **low levels of landownership** and poverty are correlated;
- **access to credit, and skills training** for income generating activities reduces poverty.
- **poor health status** is correlated with poverty status.

Poverty must be understood as encompassing not only social and economic deprivation but also seen in terms of the lack of access by the poor to resources such as land, health and education services. Any poverty definition and strategy to reduce poverty must be multidimensional and should include elements of:

- Income deprivation,
- Consumption deprivation and inadequate nutrition,
- Poor access to education and health services,
- Low physical asset base e.g. land,
- Insecurity and vulnerability where food insecurity is the principal vulnerability; the poorest are also vulnerable to natural disasters destroying family assets and livelihood
- Seasonality of deprivation in Bangladesh²

² This listing draws from Binayak Sen and A.Rahman " Bangladesh Poverty Monitor: An Overview" 1998

Constructing poverty lines

Any analysis of poverty and target groups must begin with some agreement on the poverty line. There is an ongoing discussion and debate related to the appropriate construction of the poverty line in Bangladesh. The Fixed Energy Intake is the traditional normative approach to poverty definition in Bangladesh which fixes a minimum food energy consumption level per adult, determines an equivalent price to consume a bundle of goods to meet this, and then fixes a poverty line. It may also be presented as a minimum caloric intake level.. 2112 calories per day for the poverty line and 1800 calories for extreme poverty.

Recent innovations from work sponsored by the World Bank (Revillon) have been used to construct a Cost of Basic Needs approach – CBN- which is superior because it includes housing, clothing etc.

Trends in Poverty 1973/74 to 1995/96

From the periodic Household Expenditure Surveys (HES) the incidence of poverty has declined in both rural and urban poverty considerably over time. By the CBN methodology, the rural poverty incidence has declined from 71%(1973) to 53% (1991). The rate of poverty decline is higher in urban than in rural areas. Data for the intensity of poverty and inequalities within the poor are lacking and represent a major lacunae in the understanding of poverty in Bangladesh.

1.iii Distinguishing the Poor and Extreme Poor

The following depiction may be a useful guide to distinguishing broadly the characteristics of distinct categories of the rural poor. This could become a guide to BRAC and donors in defining terms such as the poor and poorest of the poor.

Table 1.1
Poverty Characteristics

CATEGORIES OF RURAL POOR	CHARACTERISTICS OF THE POOR
EXTREME POOR (BRAC Hard Core Poor)	22.7% of rural households daily caloric intake <1800 Kcal land ownership < 15 decimals annual per capita income <TK 3757 (1994) food deficit status chronic
MODERATE POOR (BRAC VO members)	29.2% of rural households daily caloric intake < 2112 Kcal land ownership < 50 decimals annual per capita income <K 6287 (1994) food deficit status seasonal
FUTURE POOR	21% of rural households 30-40% above poverty line land ownership 50-150 decimals annual per capita income up to TK 8368 food deficit status break even or better

Source: Zillur Rahman 1999

The Challenge of Graduation

There is a broad consensus that there has been demonstrated success with targeting micro credit to the moderate poor in Bangladesh; some 5-6 million households are borrowing from Grameen Bank, NGOs such as BRAC, and GOB programs such as the Rural Poor Program of BRDB. New initiatives are, however, needed to reach the extreme poor to assist them to "graduate" above the poverty line.

The IGVGD program, discussed later, is a successful targeted program for largely female-headed households. However, there is no documentation of how well the IGVGD graduates perform in RDP once they graduate.

The strategy for graduation also needs to address the future poor.... marginal producers whose relationship with NGOs will be more economic than the moderate poor who need the institutional affinity of an NGO such as BRAC. This group of marginal farmers, owning 50-150 decimals of land, is only marginally above the poverty line and vulnerable to income erosion through illness, natural disasters or loss of employment for example.

Findings of the MTR

BRAC has traditionally used a definition of landlessness, coupled with a reliance on manual labour, to define the RDP target group. The Impact Assessment Study confirmed that the majority of RDP VO members are drawn from the target group; however, RDP programs, principally credit, do not reach the hard core or extreme poor.

Recently BRAC began a process to survey in RDP villages to identify poorer families than those currently associated with RDP. This survey identified 230,000 families who are not being reached by RDP.

This hard core poor group could benefit from BRAC programming but will require a different package from the traditional RDP approach.

Recommendation

BRAC should document the findings of the hard core poor survey, identify potential programmes to benefit these families given the specific priorities, needs and potential of this new target group. These programmes, because they will be targeted to less well off families, must cover specific vulnerabilities such as food insecurity and health, and the need for wage employment as well as credit and skills training.

ToR

Review the methods used by BRAC for integrating the poorest into RDP groups, in particular whether the intended graduation of IGVGD women into RDP is likely to be successful.

Some analysis of drop-outs will be important (amongst IGVGD members; IGVGD graduates into RDP, and RDP members overall).

1.iv) The IGVGD program

The Vulnerable Groups Development (VGD) programme is perhaps the world's largest development intervention that exclusively targets poor women. It is a multi-donor, nationwide program scheduled to cover some 500,000 hard core poor rural women in Bangladesh in 1999-2000.³

Its objective is to improve the social and economic condition of the poorest women and to enable them to sustain themselves above the hard core poverty level.

³ A recent overview of the program scope, implementation and impact can be found in "Food Aid and Sustainable Livelihoods" M. Ghulam Sattar, Nusrat Sabina Chowdhury, Md. Altaf Hossain, July 1999..

IGVGD comprises three elements:

- i) food aid, an 18 month 30kg. per month distribution of wheat to Vulnerable Group Cardholders;
- ii) a development package which includes savings mobilization, training for an income generating activity, functional literacy and numeracy, group formation and awareness raising on social, legal and health and nutrition issues and credit;
- iii) graduation into regular RDP programming for sustainability.

The Objectives of IGVGD are:

- i) to increase income by promoting an IGA, (often related to poultry),
- ii) to create self employment,
- iii) to encourage savings,
- iv) to provide credit to VGD women,
- v) to encourage the integration of VGD women into RDP groups.

VGD selection is carried by the Union Parishad (UP) chairman and UP members based on a quota of cards set at central governmental level. BRAC forms groups with about 90% of the VGD cardholders and adds a development package consisting of credit, skills training, social awareness and HRLE training, monitoring and supervision. The integration of social awareness training and HRLE training followed assessments noting the lack of a social development component of IGVGD. These additional elements are intended to strengthen the social impact of IGVGD.

There is a savings component through regular, forced savings of Taka 25 per month. Participants must also comply with BRAC regulations for saving 5% of their loan amount with BRAC. Credit is provided for an Income Generating Activity, often, but not exclusively, for poultry. The first loan will average Taka 1500-2500 depending on the purpose.

Initially, IGVGD provided loans exclusively for poultry activities but has widened the sectors eligible for credit. BRAC reports that about 50% of loans are currently poultry, while the remaining 50% are divided among livestock, trading and other activities.

Table 1.2
OVERVIEW OF IGVGD ACTIVITIES
1988/90-1998/99

	1988-90	1990-92	1992-94	1994-96	1996-98	1998-99	TOTAL
Participants	40,744	57,929	105,504	185,096	248,129	284,432	921,834
Loans Tk Disbursed (million)	142	475	161	524	225	391	1,365
Borrowers	15,319	37,151	79,834	178,933	169,206	150,530	630,973

Source: BRAC RDP Reports

A Profile of IGVGD Members

- Relatively young.... 31 years
- Small families... 3.03 members on average
- 41% female headed households
- low educational attainment
- land ownership under 10 decimals
- occupation, agricultural labour and petty trading
- assets below Taka 50,000
- annual income average taka 24,000

Source: Hashemi 1995

IGVGD women are for the most part from the more vulnerable and poorer families in rural Bangladesh.

1.v Dropouts from IGVGD

This assessment of the reasons women drop out from the IGVGD program draws on previous studies by WFP (1995) and BRAC (1997 and 1999) complemented by field visits during the MTR to Jessore district and Islampur thana in Jamalpur.

RDP and RED have surveyed dropouts from IGVGD through formal surveys and through Area Office contacts with IGVGD women. The reasons for drop out are reasonably well known, although the precise ranking and incidence of these reasons has not been documented to date.

The 1995 WFP study surveyed 347 members in Tangail district at RDPs Bhuapur Area Office. The study states:

" drop out is rare in the program. This is simply because of the food assistance available under the program. Under normal credit programs of NGOs, there are instances of drop out from the programs for various reasons. Additional incentive for the members are the training, assured loan support and inputs for poultry rearing" p4

It is estimated by BRAC that 4-5 % of selected IGVD women drop out each cycle, including women who are selected but who not participate in the BRAC IGVD program but who may belong to other NGOs. An estimated 15% of VGD cardholders do not join the program.

The following is a list of the main reasons for dropping out of IGVD, drawn from previous RED and WFP studies, and supplemented with interviews with over 15 drop outs during the MTR field visits.

Migration

In very poor regions, which are flood prone, where there is low economic diversity, men and families migrate to Dhaka for employment. Female headed households may be unable to meet loan repayment requirements and leave the program. We met a number of women in Islampur who had to dropout for this reason.

Family or own illness

The extreme poor live on the margins of acceptable health and are vulnerable to serious ill health that impairs their ability to engage in IGA and repay loans. We heard repeated stories of this in the field.

Husband abuses credit

VGD women who have taken a loan may be abandoned or divorced or the husband may misuse the loan funds. We met with women who talked about their husbands leaving them, and they had no IGA to repay the loan; women also noted that when the husband is not productive, VGD women will have to drop out because there is insufficient income in the family to service the loans. This situation was told to the team by several women in Islampur.

Depth of poverty /low loan sizes

We talked with women who stated that without any regular income they could not service a loan. They wanted larger first loans to be able to develop 2-3 IGAs expecting that the cash flow from 1-2 would be sufficient to service all the loans. In fact it may not be

feasible for them to manage larger loans but it was a perception repeated by a number of women who dropped out because of low loan size.

The 1998 floods

In Jamalpur thana, Islampur, we met women who had lost their assets last year in the floods and dropped out of the program. The length and severity of the 1998 floods in this area meant that some families lost their income generating assets such as poultry or livestock.

Mismanagement of funds

Some women told us of VO pressure to drop out when a woman cannot service her loan. Some women told us they had taken a loan but could not manage the time for self-employment and had to drop out of the program.

Attitude of BRAC staff

There have been some, although relatively few, documented instances of BRAC staff who are reluctant to work with poorer women using the BRAC methodology because they may be perceived as poorer credit risks.

Lack of confidence by poorer women to join regular RDP group

Destitute women bound by the social traditions of purdah may lack the confidence, permission or experience to join a group and undertake skills training and manage credit.

Findings

More effective skill development training may help to improve the profitability of IGAs. Better field staff supervision and effective field orientation may reduce the incidence of misbehaviour.

Several assessments of IGVD have concluded that the program is targeted to some of the poorer and even poorest households in Bangladesh. The program is well managed and BRAC's development package adds value to the benefits from a short term food transfer.

BRAC has begun to integrate more and more RDP inputs into the IGVD program in order to reduce the drop out rate. RDP staff are being made more accessible, social

awareness and HRLE training are being introduced and sector programs other than poultry are being made a part of the credit program.

While the majority of women graduate to RDP groups, there is as yet no systematic study of how well the IGVD women do in RDP and what, if any constraints, exist to their continued success in RDP.

Recommendation

WFP and BRAC should form a Task Force to review the reasons for drop outs from the IGVD program. The Task Force should develop a strategy to address the particular needs of drop out women, who tend to be the more vulnerable, and poorest participants in the program.

Other organizations with relevant experience, IFADEP I and NGOs should also be invited to participate in the work of the Task Force.

This strategic review could assess the potential to tie the IGVD drop outs to regular wage employment, possibly through BRAC enterprises. BRAC's EHC and NFPE programs for improved family health and childrens' education would seem to offer the type of assistance required by VGD women and the ways to means to integrate health and education fully into the development package should be explored.

This review should also establish the financial implications and program components of these interventions for drop outs.

RDP should document the experience of selected women who have graduated from IGVD into RDP and distill lessons for social and health programming targeted to vulnerable women.

1.vi) Who is excluded from BRAC?

The fact remains that a significant part of the rural poor is still uncovered by different development organisations which needs to be given due attention by such programs. Further consolidation of the program may be necessary to increase coverage along with the adoption of appropriate strategies to attract the poorest to a greater extent. This also presupposes a better understanding of the reasons for non-involvement of the poor in NGOs. (BRAC, Impact Assessment Study II 1998, p.186)

Several reasons can be cited for the non-involvement of the extreme poor in RDP:

- Concern that she will be unable to make loan payments
- Past misappropriation by some unscrupulous NGOs

- Female headed households may not be able to utilize credit for an IGA because of the lack of time and/or available land
- The perceived high cost of credit
- Better off VO members may be reluctant to include poorer women as they may be perceived as bad credit risks

Inclusion of the Non Target Group

RED studies and the IAS II suggest that 16-29% of VO members do not belong to the Target Group ie own more 50 decimals of land. However, it is stated that the non-target group is only marginally better off than target group when consumption and non-land assets are considered.

There may be good reasons to include some members of the slightly better off members of the village. The increased loan size they are able to manage, and the higher income BRAC derives, directly contributes to the financial self-sufficiency of RDP. The larger loans can contribute to wage employment for the hard core poor. Inclusion of the non target group can maintain social cohesion and acceptability for the BRAC program at village level.

TOR

Are BRAC's various products appropriate and accessible to the poorer groups? Assess potential for further innovation (eg diversification of activities other than poultry, savings products), particularly in light of BRAC's concern to develop more approaches to meet the needs of the extreme poor.

RDP places emphasis on social awareness training, HRLE , health (and within BRAC) non-formal primary education(NFPE) are very appropriate to the poorest. Group formation and microcredit are not as accessible to the poorest initially as there are other more pressing priorities related to food consumption and food security, health/wellness, employment and regularity of income and consumption. The most vulnerable may well be reluctant to join groups for fear of failure or be excluded by more creditworthy members who fear the poorest lack credit worthiness.

This presents a challenge to BRAC's traditional methodology for reaching the poor ie group formation and credit.

1.vii) Recent RDP Innovations targeted to the hard core poor

The hard core poor are not able to enter self employment because they lack the time and/or land to dedicate to even part time self employment. MELA is an initiative to create rural based jobs which could create demand in the labor market for employing the

hard core poor. MELA therefore is an initiative which could indirectly benefit the hard core poor. This requires careful monitoring and reporting by RDP.

Rural wage rates vary widely in rural Bangladesh, depending on the productivity of land and degree of vulnerability to flooding.

RDP has a strategy to improve the land productivity and increase crop intensity, which will lead to an increase in employment, consumption and employment in these areas.

From IAS II, BRAC learned that RDP, while reaching the defined target group (landless and dependent on manual labour), was not as successful in reaching the hard core or extreme poor. IAS recommended that BRAC use other criteria than land ownership to identify the poorest families within villages.

As a result, RDP began a survey process to identify poorer families than the regular VO members in RDP areas. An initial survey asking VO members to identify poorer families, was followed by a second survey to confirm this information called the Survey Form: Hard Core Poor.

Some 230,000 families living in RDP areas have been identified and BRAC planned to use this information to identify eligible VGD cardholders for the 1999-2000 VGD cycle which began July 1 1999. Due to the late signing of the IGVDG agreement (although earlier than previous phases) it was not possible to utilize this list fully in selecting VGD cardholders.

EU funds for Agroforestry (outside the Donor Consortium but under the IGVDG project) have been used for a highly innovative scheme to lease back land to landless women who use land for income generating purposes in northern Bangladesh. Previously dry, unproductive land has been brought under productive use.

Rather than the standard RDP package, these hard core poor women are given a Tk 5000 interest free loan to develop 30 decimals of improved land. Earnings are approximately Tk 425 per month per participant. Some 15,000 women are benefiting under this project.

RDP has a planned activity under negotiation, an ECO funded project, for hard core poor women who are to be provided with "blended food", a dry food ration, for 10,000 women in 6 districts. RDP is attempt to reach these women by introducing programming with no credit or meeting or group requirements. Participants will be provided with an interest free loan to start an IGA (disguised grant). When they pay back the loan they will be eligible for a second loan.

Recommendation

BRAC needs to develop a strategy which will set out the policies, the specific health and social development initiatives, and operations for reaching the hard core poor from the end of RDP IV. This strategy paper should be developed for wide internal consultation.

Chapter 2 Sustainability of Credit Operations

ToR

Impact of flood, progress towards sustainability. Experience of MELA programme. Review recent innovation in savings products and practices, and BRAC plans to extend quantitative and qualitative access to members

2.i) Impact of flood

The 1998 floods were very severe in Bangladesh, and lasted from early July to mid October 1998. The impact of the 1998 flood in Bangladesh was felt acutely by people in terms of loss of assets and income. Several NGOs and international donors came forward to provide relief, and injection of fresh credit to meet people's emergency needs. The large exposure of NGOs through credit portfolios led these donors and NGOs to the question of whether these would survive the losses that people had incurred, or whether the slow down in loan repayments and loss of assets put together would cause a permanent damage to micro finance operations in the country.

Response to people's needs

- BRAC (RED division) conducted a quick assessment of flood losses and post flood rehabilitation needs in a sample of BRAC's programme areas. The BRAC study and the study by an external team on Micro finance for floods, list out the impact on people as follows:
 - Immediate loss of food and shelter
 - Health and sanitation problems
 - Food and nutrition suffer
 - Loss of income earning assets
 - Loss of current income
 - Loss of standing crops in the field
 - Limited access to own savings/ additional cash
- BRAC's response to the flood was to launch a series of relief and rehabilitation measures. These included provision of food, water purifying tablets, safe drinking water, ORS packets, milk to children, etc.
- While the relief package in urban areas was extensive, rural relief was inadequate, as per BRAC's study.
- BRAC has been able to respond quickly because it had the backing of good financial and liquidity reserves to put in operation a relief programme very quickly. BRAC tried local fund raising and was able to raise 2 mill Taka for relief during the flood

period. An effort was made to understand the needs of members, and to design a programme that would respond to their needs.

Response to Credit Needs, and Implications for Credit Portfolio

During flood, people's need for credit increased significantly and this called for an immediate response from BRAC, through the credit portfolio. The increased demand for credit resulted from the following factors:

- Percentage of portfolio held in flood affected branches was 72%
- Percentage of members who borrow increased
- Total loan outstanding increased
- There were increased withdrawal of savings
- There was reduction in weekly savings
- The OTR (On Time Repayment) rate declined

Thus there was increased demand for cash. BRAC was able to meet this demand. Impact on the credit portfolio was negative for the first few months, but later the portfolio stabilized. Given that there are adequate loan loss reserves, there is no danger of the credit portfolio being at serious risk. The loan loss reserve was proposed to be raised to 5%, but was raised only to 3% as the portfolio recovered and was not at risk.

Total Expenditure (Flood Rehabilitation)	327 (mill tk)
Receipt of grants	210 (mill tk)
BRAC money used	60 (mill tk)
Housing Loan given	126 (mill tk)
Fund to be set up	60 (mill tk)

BRAC has a model for projecting increased demand for loans on the basis of the factors listed above, and based on the extensive information they keep on operations of each branch. BRAC can plan its response based on estimate of flood related loan losses, loss of interest income, losses due to delays in cash flow, and additional cash requirements as a result of refinancing. Given that their liquidity position is good, they are able to project and manage a demand for funds caused by short/ medium term events like natural disasters.

Other micro finance institutions in Bangladesh responded in the same way, with as much support as they could give for both relief and new credit. They managed not to resort to 'loan forgiveness', though large scale rescheduling was accepted by many MFIs. There is a wide recognition that dealing with natural disaster calls for a response with a delicate balance between response to client needs, and best practice for credit. Innovative products and services need to be designed, focussed only on the clients affected by the

disaster situation, not for all the micro finance clients of the MFI. This may require setting up a separate window for disaster management financial products.⁴

Disaster Management Cell

As a result of the experience of 1998 floods, BRAC recognized the need to give special attention to natural disasters. Therefore BRAC has decided to start a Disaster Management Cell which will be headed by a senior officer of BRAC at the HO. This fund will be created with TK 60 million that will be returned from the Housing Loans given to VO members.

This Cell will determine the policy, and implement actions to be taken at the time of natural disaster. This is a very good decision, as it will help to formulate policy and implement decisions only for those branches, which face disasters at any time. Since every year about 30% of Bangladesh faces floods, natural disasters are not spread all over. It is important, therefore, to be able to take decisions only for those branches, without applying every decision to all the branches under RDP. The DMC, therefore, is a very good idea.

The recommendations given below, may be kept under the Disaster Management Cell, and will help to delineate the credit and rehabilitation policies of the Cell.

The Cell is expected to look after both relief operations and credit. It will be good to delineate the credit fund under Disaster Relief clearly from the normal RDP credit. This is because there is demand for small credit at times of flood, which is quite specific to opportunities arising out of the flood situation, e.g. Increased trading, boat traffic increases, and in some cases there is an increased demand for rickshaws. A separate loan fund will be able to meet loan demands of this type. It will also be possible to extend credit to members affected by flood, without necessarily taking the decision for all RDP branches. A third advantage is that loans on different conditions may be given, or some relaxation, refinancing decisions may be made only for the affected branches.

Sundari had worked hard for 5 years and had begun to make a good livelihood. She had a homestead, fourteen birds (chicks and hens), goats. She was an agricultural labourer earlier, but now she was able to do paddy-husking business. In the floods, she lost all the birds, goats, and five jackfruit trees, and her house. The foodgrain saved at home was lost too. She feels that BRAC should provide larger loans so that she and several other women like her can rebuild their assets faster. The current provisions allow only for half the current outstanding loan to be refinanced. This means that if she owes BRAC 3,000 TK at the time of floods, she can borrow another 1,500 TK. This is inadequate for rebuilding assets. There is a need for larger loans, which would then mean quick replacement of assets lost, and restore people faster to original levels of income.

⁴ For a detailed discussion on MFI's response to 1998 floods and its impact on microcredit, see M. E. Hasan & Nina Nayar. *Effects and Implications of High Impact Emergencies on Microfinance: Experiences from the 1998 floods in Bangladesh*. SANMFI, Dhaka, 1998.

Recommendations

1. Articulate a clear plan for the Disaster Management Fund

While the need for the Fund exists, there is a need to make a clear boundary between the RDP loan funds, and those that will be given under the DMC. This is very important because both are to be implemented by the same Area Managers.

2. Formulation of a Policy for response to natural disasters

BRAC recognizes the need to have a three pronged approach to disaster management:

- Preparedness
 - Survival
 - Rehabilitation
- a. For preparing for floods and natural disasters, there is a plan to develop training programmes for staff, which would orient them to possible effects of natural disasters, and what are the immediate steps that may be called for.
 - b. The latter two, survival and rehabilitation support, are largely by way of a combination of grants and loans, and these are left to be decided at the time that such any disaster may occur.
 - c. Danger of Outlining Detailed Measure: The fear is that any stated programme may in fact raise expectations, or even lead to hasty and inappropriate action at the area level.
 - d. The Need for Well Articulated Policy: While this fear is valid in the context of large credit portfolio, there is some expectation both on the part of staff and clients for a BRAC response to floods or other natural disasters.

Clients should know what support they can or cannot receive from BRAC at the time of natural disasters. Raised expectations of people cause stress to local staff, better communication of the provisions and limits of BRAC support during natural disasters, ahead of time, will help both clients and BRAC.

Thus there is a case for considering the formulation of a broad policy for relief and rehabilitation support in the case of natural disasters. This would be simple in the case of relief measures based on grants.

- e. As for the credit portfolio, it is not easy to take prior decisions. Yet, BRAC may be able to consider some measures which it has been able to follow without a negative impact on its credit operations, and may want to spell out these as features of a programme for immediate response to floods. (E.g. Permission to withdraw 50% of savings in case of emergency). There may be other features on which it may not want to announce a policy, e.g. A housing grant/loan at the time of floods.

3. **Study on coping strategies of people.** While the credit portfolio recovered, and will be adequately covered by increased loan loss reserves, the concerns of people affected should be taken on board. Will people's assets be fully replenished? What about the medium term impact on people, of the assets lost?

There is a need to understand how people cope, in the medium term. When and how do they try to replace their assets lost in the flood? How much time does this involve? The study would help BRAC explore the issue of what extent can an NGO replenish or help replenish the loss caused to people, either through grants or through credit support?

2. Review of MELA Programme

MELA (Microenterprise Lending & Assistance) Programme is small enterprise lending and technical assistance, aimed at small businesses, with the objective of creating employment and increased income of the community.

BRAC has allocated Taka 100 million from RDP IV for MELA programme. Of this, 48.6 ml taka was the outstanding balance at the end of Dec 1998. The programme was launched in 1997 and has now been introduced in 89 branches of RDP BRAC.

Findings

1. MELA has reached a total of 2353 clients up to December 1998. Of these, 2152 (91%) are BRAC members, who are VO members with larger loan requirements than RDP loans, and thus suitable to graduate to MELA. Nine percent of the clients (201) were new clients.
2. The total employment created was 5101, about 2 people per business on an average. Of these 1292 (25%) were women. Details are given in the table below:

Table 2.1
BRAC-MELA
Status of Employment Generation Up to December 1998

Sl.No		Non-BRAC			BRAC		
1	No. of Entrepreneur	201			2,152		
2	Total Employment	Male	Female	Total	Male	Female	Total
		2,163	295	2,458	11,336	2,959	14,295
3	Creation of New Employment	Male	Female	Total	Male	Female	Total
		457	165	622	3352	1127	4479

3. A comparison of information from December 1998 and June 1999 update on MELA is given in the following table:

Table 2.2
MELA at June 1999

MELA Update	Up to Dec. 98	Up to June 99
Number of MELA branches	34	89
Number of cumulative borrowers:		
Female	1,837	2,797
Male	516	1,045
Total	2,353	3,842
Cumulative disbursement (since inception)	78.6 ml taka	136.4
Loan Portfolio	48.6 ml taka	80.9
Average Loan Size (in taka)	33,404	35,498
Average On Time Realization (OTR) :	99.4%	98.8%

4. Discussions with MELA clients by this team revealed that MELA is well positioned, between RDP clients whose needs cannot be fully met by RDP credit, and those outside RDP who have viable enterprises but do not have finance available. MELA has been able to target small businesses poised for growth, and provide them the capital required to expand. This has helped growth and transition process to both RDP and non-RDP members.

Rekha Sikdar is an RDP member for the past five years. She took loans of 3,000 -6,000 for the first three rounds, then took a MELA loan of 50,000/- Tk. She did paddy husking, and has now started rice milling. She owns a shed and machines, and plans to come back to MELA for the next loan to construct a room and expand her business.

Sirjudaulah does plastic recycling. He was a worker at another unit, and after seven years, decided to start the business himself. He applied for and got 50,000/- as loan from BRAC, and got land allotted from the government. He sets aside money from sales, and plans to do the next round of expansion with own money.

5. MELA clients will be of two types: those who will not return

for higher loans, because they have now got larger businesses, which will generate enough income at least to finance the expansion of the business to the next stage. Another set of clients, especially the RDP graduates, still have further potential to expand and may come back to MELA for at least two or three cycles of loans.

6. MELA is thus well targeted, and the portfolio is poised for growth.

Self Sufficiency

The analysis of branch self-sufficiency, by age of branches, shows that branches break even during the second year. Operational self-sufficiency is considered here, and inflation is not built in. If financial self-sufficiency is considered, and a 6% inflation is built in, then the branches would break even in year 3. The table shows that three-year-old branches achieve financial self-sufficiency.

Table 2.3
MELA Income and Expenditure

MELA Income & Expenditure Statement				
January to June 1999				
	Total (89 Branches)	Average Yr.1 branch (52 branch)	Average Yr.2 branch (27 branch)	Average Yr.3 branch (10 branch)
Income				
Service Charge	6,999,403	21,168	126,379	248,643
Other fees	821,408	5,561	12,373	19,815
Total Income	7,820,811	26,729	138,752	268,458
Operating Surplus (Deficit)	2,748,417	(18,251)	69,775	181,353
Non-Operating Expenses				
Loan Loss Provision	1,281,050	7,398	22,956	27,655
Interest on BRAC Loan	2,137,101	3,533	45,583	72,266
Total Non-Operating Expenses	3,418,151	10,931	68,538	99,921
Net Surplus (Deficit)	(669,734)	(29,182)	1,237	81,432
Net surplus (Deficit) as % of total income	-9%	-109%	1%	30%

This analysis shows that break even is reached after year 2. By this time, the number of clients crossed 1000, and the loan outstanding per branch averaged 1.28 million taka.

Follow up on earlier recommendations

Shore Bank's financial review of BRAC/RDP in 1998 has recommended that BRAC take up staff training. BRAC recognizes the need for capacity building of MELA POs, which was pointed out in the Shore Bank report as well. BRAC is currently exploring establishment of new links with resource institutions in India, UK as also with individual consultants and trainers.

Shore Bank recommended that BARC concentrate on 'MELA export' businesses, i.e. those which have customers external to the village economy. BRAC feels that the differentiation between local and export businesses is a good idea, and as far as possible staff will be given the orientation to select and promote businesses which add direct employment to the economy. However, it is not possible to support only export businesses at this time. MELA is committed to meeting the needs of small businesses, and cannot leave out VO members who may not be currently in the export category.

Currently BRAC maintains loan breakdown by sector. The analysis for cumulative disbursements is as follows:

Sector Loan Breakdown (Cumulative disbursement) Million taka

	Dec 98	June 99
A. Textile Sector	23.2	26.9
B. Cottage Industry	13.9	26.6
C. Transport Sector	2.4	3.9
D. Food Processing	11.5	18.8
E. Agro Based Farming	5.2	9.8
F. Other Enterprises	22.4	50.4
Total	78.6	136.4

Stability and Take Off of MELA Programme

1. It is clear from the experience of MELA programme that demand for loan exists, and that BRAC is able to offer loans to micro enterprises. As of end-June 1999, 80% of the loan fund of 100 million TK was disbursed.
2. The Tk 100 million kept for MELA is expected to finish very soon. As MELA has been extended to 100 branches in 1999, this fund effectively means TK 1 million is available for each branch. Given that the average loan size under MELA is 33,400 TK, this translates into 30 MELA clients per branch.
3. This needs to be put against the loan outstanding required, and number of clients required for each branch to break even. A quick estimate shows that to cover expenses of 11 staff at the division level and overheads for MELA, there would be a need to have loan outstanding of 15 to 20 million TK, and therefore loan fund of 300

need to have loan outstanding of 15 to 20 million TK, and therefore loan fund of 300 to 400 million TK for 10 divisions, and 100 branches. This would call for having 300 to 500 clients with loan average at about 30,000 TK.

4. The programme has to expand if it has to reach a sustainable level of operations, given that it is already working in 89 branches, and has substantial costs, currently of 90 POs and 10 senior managers posted at the regional offices.

Recommendations

1. **Augment the Revolving Loan Fund.** Therefore, the critical issue for MELA at the current time is provision of revolving funds. The programme will need to access more revolving funds if it has to become viable.
2. **A review of MELA should be done sometime in the first half of 2000.** This would capture the lessons from MELA. The overview should lead to a plan for the expansion of MELA, and a project proposal should be written out for MELA, with projections for disbursements, outstanding loans, earnings, expenses, and cost recovery. An estimate of demand for loans, and supply of funds, would be required. The review would bring out clearly the scaling up potential, and planning for scaling up of MELA. This may be done as an independent exercise between March and June 2000.
3. **Training for small entrepreneurs** BRAC may consider adding value to the entrepreneurs supported under MELA programme. Typically, these are small entrepreneurs who do not write accounts, have a large part of their capital invested in working capital, and have no time to be trained. Yet, there is an opportunity to provide some value added in terms of training in basic enterprise management, accounts keeping, working capital management, etc. These programmes may be developed using internal expertise within BRAC or getting external support. With a small project for enterprise trainers, putting and piloting this package at the field level will not be difficult.
4. Another way in which BRAC can add value is by **promoting a network of small entrepreneurs at Area Level or Regional Level.** Enterprise Promotion and Support institutions in India have found this a very effective strategy to have small businesses *come together for growth*. Over a period of time, they begin to provide training and enterprise start up support and become vibrant networks for marketing and even exports. As the business development services provided to entrepreneurs should be demand led, these entrepreneur associations will form the forums through which such needs may be assessed, and addressed, by BRAC or by strengthening these associations and networks.

Specific Recommendations for Capacity Building

1. **Augment the revolving fund** Based on the review taken up, there may be a need to put aside funds support for MELA for the post RDP phase, so that it may be supported till the project achieves full financial stability.
2. BRAC should do a **training needs analysis for its 100 staff employed for MELA** work. This may be done internally in BRAC first, and may involve external consultants at this stage. It would be good to use external resource persons with experience of enterprise training in the small business sector.
3. Once TNA has been completed, it would be good to have external resource persons help BRAC with **development of training packages** (for different levels, senior staff and trainers, POs, and clients), pilot testing of these and then the final stage. Consultancy for this entire process may be needed for the three-stage process outlined.
4. BRAC needs to **build links with a network of resource institutions for enterprise support**. This requires the senior officers in MELA writing to, getting information on, and even visiting some enterprise support institutions in India, Sri Lanka, Thailand and Philippines.
5. BRAC experience of MELA is unique in many ways. It is an NGO experience with micro entrepreneurs, which is not common in Asia through the NGO sector. It is mainstream organizations that provide finance at this level, and NGOs provide through the group structures. It would be worthwhile to **document the MELA experience** as also to build in an element of action research with creation of small business networks at the district/ area level. The action research would have to be carefully designed and documented.

2.iii Savings Programmes

Recent Innovations in savings products and practices, and BRAC plans to extend quantitative and qualitative access to members.

a. The Sector in Bangladesh

The micro finance sector in Bangladesh has grown significantly over the past ten years. Though some organizations started in 1974, the major growth has come in the early 1990s. Growth of this industry calls for continuous discussions on issues of

accountability, governance, impact of micro finance, building capacity to manage in an increasingly complex and competitive market, and the issue of financial sustainability.⁵

The three who started in 1974-1976 were BRAC, Grameen Bank and Proshika. Other have mostly started in the beginning of the '90s. Comparison of key statistics, for the 369 MFIs, with BRAC, is given below⁶.

Table 2.4
BRAC's Position in the Micro Finance Sector in Bangladesh, June 1998

Particulars	Data of 369 NGOs, June 1998	Grameen figures	BRAC, June 1998	BRAC as % of total
Total active members (no., million)	7.17	2.3	2.2	23%
Total active female members (no., million)	5.97	2.2	2.17	27%
Total outstanding borrowers (no., million)	4.92	N.A.	1.92	N.A.
Total disbursement (in million taka)	53,589	98,171	25,601	17%
Total loan outstanding (in million taka)	11,806	14,918	4315	16%
Net savings (in million taka)	4,288	7,379	1996	17%

Even a cursory glance shows that BRAC has at least one fourth to one sixth of the market, and is a big player in the micro finance market. The field, however, is growing fast, and BRAC needs to examine and modify its products in line with the market growth, while at the same time protecting its large portfolio from undue risk.

⁵ For a detailed discussion see David Cracknell, Micro-Finance in Bangladesh: Signposts towards a more professional micro-finance industry (Briefing paper for discussions, DFID, Bangladesh), July 1999

⁶ Source CDF Statistics: Microfinance Statistics of NGOs and other MFIs, Volume 6, June 1998. Credit and Development Forum, Dhaka.

Recent Innovations in savings products and practices

Traditionally, bankers have rotated savings of one group to users of money, borrowers, and this is the foundation of the banking system. As banks grew larger, the smaller clients tended to get left out, and the recent developments in micro credit of the past two decades is really the re-discovery of banking principles, in the context of needs of the poor.

Several NGOs have taken on micro finance operations. The oldest model, implemented largely by international donor funding, was matching grants against savings of members. Over time, more sophisticated systems for savings and loans have evolved. More recently, over the past three years, there has been an increased emphasis on savings mobilization as a strategy to achieve viability of micro finance operations. This has led to offering savings instruments designed to meet the needs of poor people.

The need for flexibility in savings and withdrawals has led to design of savings instruments that allow for different types of savings products:

- where people will earn a certain return
- where people will be able to withdraw savings
- where there will be an option for long term savings, and insurance and pensions

Most MFIs and NGOs in Bangladesh have moved towards introducing at least one or two products in each range, and are giving greater choices in terms of time, frequency, terms of savings, loans, and repayments.

Of late, several new products have been introduced. These include mandatory savings, unlimited savings, long term savings, savings for non-members and insurance products.⁷

Qualitative access

BRAC has had a limited range of savings and loan products for the first ten years of its credit operations. Over the past three to four years, several changes have been introduced. Along with the expansion of RDP, more needs of members have surfaced. Others NGOs have introduced new products in micro finance. The floods have brought to the fore the need for greater flexibility by micro finance institutions. These factors have led BRAC to change some of their rules, and modify some products, and introduce some new ones.

⁷ For a listing of savings and loan products in different ranges, see Dewan A.H. Alamgir, Microfinancial services in Bangladesh, Review of Innovations and Trends, Credit and Development Forum, Dhaka.

BRAC has traditionally had the following financial products:

SAVINGS	DETAIL	TERMS/ RETURNS/ CONDITIONS
Own Savings	mill. TK 10 every two weeks	<ul style="list-style-type: none"> • 6% return of savings • Can withdraw 25% after 5 years, 50% after 10 years • can withdraw up to 50% for natural calamities
Compulsory Savings	5% of loan amount	Can be withdrawn like own savings?
Current Accounts Savings	Any amount can be put in any time for safe custody, no interest is paid on this	Can be withdrawn at any time, in part or in full by the member
LOANS		
General Loans	15% flat	Can be taken for any acceptable income earning activity
Sector Program Loan	15% flat	Can this be taken in addition to the general loan, even when the general loan is still being repaid?
Rural Enterprise Loan	15% flat	These loans are like sectoral loans, for non-farm businesses such as restaurants, manufacturing, marketing, etc.
Housing Loan	10%	It can run concurrently with the other two loans above

BRAC invited Stuart Rutherford to study its savings services and advise how to modify these, and offer products and services more in line with people's needs.⁸ As per his suggestions, BRAC made modifications to its current range of products.

BRAC proposes to refine the savings products, and recast them as the following four types of savings products:

1. Nirapatta Sanchay (Security Savings)
2. Dirgha Meyadi Sanchay (Deposit Pension Scheme)
3. Chalti Sanchay (Current Savings)

⁸ For a detailed discussion of rationale for his suggestions to BRAC, see report by Stuart Rutherford, The development of BRAC's savings services for the poor. Dhaka, March 1999.

4. Sthae Meyadi Sanchay (Fixed Deposit)

Brief descriptions of each savings product are given below.

1. Nirapatta Sanchay (Security Savings)

The currently existing 'voluntary and compulsory savings scheme' is renamed as Nirapatta Sanchay (Security Savings). Each village organization member is expected to save an amount between Tk.10.00 and Tk.50.00 on each fortnightly meeting; this is a voluntary saving. When, a loan is disbursed to a member, 5% of the loan amount is compulsorily kept back as savings for the member. In December, BRAC gives the members interest at 6%, annually, calculated on the June balance of these savings. A loanee is required to have a savings balance amounting to 25% of the loan amount as security. Amounts in excess of 25% will open for withdrawal if the member so desires.

2. Dirgha Meyadi Sanchay (Deposit Pension Scheme)

This account will be for 5 or 10 years. In addition to the members, their parents, brothers or sisters might join this scheme as well. The members will have to deposit a certain fixed amount monthly for the duration of the scheme. At the end of the scheme they will get back their total amount plus the interest, calculated at 8% compounded annually. Below, are given the monthly deposit rates and the respective total amount at the end of 5 and 10 years.

Monthly Deposit Amount (Taka)	Total Amount at End of Scheme (5 years)	Total Amount at End of Scheme (10 years)
50	3,672	9,068
100	7,344	18,137
200	14,690	36,274
300	22,035	54,411
400	29,380	72,548
500	36,725	90,686

A depositor might nominate one or several people to receive the amount. The depositor may change the nominee later on.

3. Chalti Sanchay (Current Savings)

This would be like a normal current account in a bank; however, the existing banks are not interested to open accounts with such small amounts. The account will have to be opened with a minimum of Tk. 50, and this minimum balance will have to be kept at all times; beyond that, the members might deposit or withdraw money, as many times as

they want to. At the end of the year, interest would be given at 5%, annually, on the minimum monthly balance in the year.

4. Sthae Sanchay (Fixed Deposit)

This would be a term deposit saving scheme. All members of BRAC, as well as their parents, brother or sisters, might become members of this scheme. From a minimum of Tk. 1,000, the member might deposit any amounts in multiples of Tk. 1,000. The terms would be for 1-5 years. Interest would be calculated at 9% annually compounded. The money may not be withdrawn before completion of the term. However, if in case of extenuating situation the deposit is withdrawn, interest will not be paid for the part of a year, only for a complete year. The total amount receivable for different deposit amounts are shown below:

Table 2.5

Deposit Amount (Taka)	Total Amount at the End of Term (Taka)				
	1 year	2 years	3 years	4 years	5 years
1,000	1,090	1,188	1,295	1,411	1,538
2,000	2,180	2,376	2,590	2,823	3,077
3,000	3,270	3,564	3,885	4,234	4,616
4,000	4,360	4,752	5,180	5,646	6,154
5,000	5,450	5,940	6,475	7,058	7,693
6,000	6,540	7,128	7,770	8,469	9,231
7,000	7,630	8,316	9,065	9,881	10,770
8,000	8,720	9,504	9,505	10,360	11,293
9,000	9,810	10,692	11,655	12,704	13,848
10,000	10,900	11,881	12,950	14,115	15,386

The depositor might nominate one or several people, which may be changed later on with a written application.

The loan products will continue to be the same. The only change has been that the minimum amount of loan has been raised to 4,000 TK and the maximum has been raised to 15,000 TK. The ratio of savings to loan stays at 2%. BRAC believes that people's capacity to manage loans is limited initially, hence the first two loans must have this condition. Later, as the income of the client increases (through sectoral support programmes), the savings would also increase, and then the ratio of savings to loans would cease to be a constraint. This is the logic for keeping initial loan amounts small. It is a prudent principle, given that there are several players in the market in Bangladesh, and it is wise for an MFI not to risk larger amounts till the clients have been with them for at least two loan cycles.

These changes take into account the suggestions made by Stuart Rutherford to BRAC, who studied BRAC's portfolio and advised them how to modify their products given the current and changing scenario. There is a need to make micro finance more and more

flexible to suit the needs of clients. While it is not possible for BRAC to become completely flexible, given the scale of its operations, the critical issue of savings mobilization seems to have been addressed by introduction of the new savings products. Clients have the choice to keep current account or term savings from 1 to 10 years, under these four options. Sufficient flexibility for withdrawal exists, if a member has a combination of these savings accounts with BRAC.

Overall Performance BRAC's Credit Portfolio

The credit portfolio of BRAC is strong. The On Time Repayment rate for the whole loan portfolio of TK 5752 million loan outstanding, is 91 %. The credit recovery within 12 installments is 96 % (calculated at dues paid within 12 installments, or 6 months) and up to 98% is recovered within 25 installments within a year). Since these are two-week installments, BRAC recovers 98% of the loans due within one year.

Sectoral Analysis

The table below shows a sectoral analysis of the loan portfolio.

Table 2.6

Principal Outstanding Amount by Sector

(For the month of June, 1999)

Sectors		Total Principal	Past Due (number of installments)			
		Outstanding	O Insts. %	1 - 12	Recovery in < 12	13 -25 %
TOTAL	Sector as % of total	5,704,811,807	84	12	96	2
RURAL TRADING	47	2,684,176,441	88	10	98	2
POULTRY & LIVESTOCK	12	705,219,791	77	18	95	4
OTHERS	12	669,774,678	82	15	97	3
AGRICULTURE	9	500,420,483	86	12	98	2
FOOD PROCESSING	9	494,512,126	80	15	95	4
FISHERIES	6	356,592,119	84	11	95	2
HOUSING	2	109,085,286	63	14	77	6
RURAL TRANSPORT	1	71,759,301	84	13	97	3
COTTAGEINDUSTRY	1	30,287,601	78	14	92	6
BAOR	0	24,704,100	74	17	91	5
SERVICE	0	23,595,255	91	7	98	1
HEALTH	0	17,496,491	93	6	99	0
SERICULTURE	0	14,592,354	78	9	87	3

The strongest sectors in terms of repayment are also the largest ones. The payments from rural trading, poultry and livestock, agriculture, food processing, fisheries, rural transport and others exceed 95% within 12 installments. The sectors with low repayments, sericulture, cottage industry put together constitutes less than 2% of the portfolio. For these sectors, too, repayment rates are between 85% and 92%.

In another section the collection of service charges is analyzed by sector. Even though some sectors have lower recovery of service charges as compared to costs incurred (many of which are development costs), the above table shows clearly that sectoral performance of the credit portfolio is good, the sectors with large loans outstanding have high repayment rates, and vice versa.

Credit as the Plank for RDP Sustainability

It is the credit portfolio that is the main plank of financial sustainability within BRAC's RDP programme. Though most PSEs break even, they contribute little to the overall income. The sectoral programmes require continued injection of funds, at least till end of the RDP period, and it is the credit portfolio that would contribute funds towards sustaining sector activities. The credit portfolio makes enough surplus to fund essential health care and legal education, too, if only revenue costs are taken into account.

The table below gives the details of the financial contribution of the credit sector to the overall RDP work, in 1998.

Credit Portfolio		Financial Contribution	
Interest Income	1,23,45,678	Interest Income	1,23,45,678
Interest Expense	(12,34,567)	Interest Expense	(12,34,567)
Net Interest Income	1,11,11,111	Net Interest Income	1,11,11,111
Provision for Non-Performing Assets	(10,00,000)	Provision for Non-Performing Assets	(10,00,000)
Net Interest Income after Provision	1,01,11,111	Net Interest Income after Provision	1,01,11,111
Operating Expenses	(5,00,000)	Operating Expenses	(5,00,000)
Net Income from Credit Portfolio	96,11,111	Net Income from Credit Portfolio	96,11,111
Contribution to RDP Work	96,11,111	Contribution to RDP Work	96,11,111

Table 2.7
Summary Statement
RDP For the Year 1998 (TAKA)

Programme Support Enterprises	Poultry Farm	Feed Mill	Prawn Hatchery	Seed Processing	Total
Net Surplus	1,682,148	2,180,506	422,407	3,862,654	4,285,
Credit Programme			RDP	RCP and Others	Tot
Net surplus of Credit Programme			(4,888,386)	263,159,477	258,271
Service charge realized from Sector Program :					
- Poultry and Livestock			8,908,138		8,908
- Fisheries			7,687,077		7,687
- Social forestry			952,067		952
- Sericulture and silk development			2,468,638		2,468
- Horticulture and vegetable			8,248,329		8,248
Total Service charge			28,264,249	-	28,264
Total Income			23,375,863	263,159,477	286,535
Expenditure of Sector Programme					
- Poultry and Livestock			64,954,390	-	64,954
- Fisheries			31,476,137	-	31,476
- Social forestry			13,011,152	-	13,011
- Sericulture and silk development			16,982,327	-	16,982
- Horticulture and vegetable			29,324,501	-	29,324,50
Total Expenses			155,748,507	-	155,748
Net Surplus			(132,372,644)	263,159,477	130,786
Expenditure for the Year 1998 (only revenue expenses)					
Human Rights					58,600
Essential Health Care					81,363
Total					139,963
Financed by Donors :					
- For Credit services			36,201,498	-	36,201,
- For Sectoral expenses			127,484,258	-	127,484
- For Loan revolving fund			131,980,103	-	131,980
- For other activities			322,314,112	-	322,314
Total			617,979,971	-	617,979

The figures indicate quite clearly that the credit portfolio had a surplus, which can absorb uncovered costs of sector programmes, if necessary, and some costs of development programmes like health, legal education, etc. The projections for post RDP period can be made in a similar manner, with a refined financial model, so that post RDP planning can be done by BRAC for the essential RDP components.

Projection of Credit Portfolio for Next five years

made in a similar manner, with a refined financial model, so that post RDP planning can be done by BRAC for the essential RDP components.

Projection of Credit Portfolio for Next five years

BRAC plans to extend quantitative access to credit in the coming years, to more vulnerable women in the areas where it works. Overage in numbers: BRAC has conducted a survey in the areas where it already operates, and has estimated that there are 234,000 vulnerable women in these areas. BRAC plans to extend coverage to these women, as well as another 50,000 to 70,000 new members every year. The loan portfolio is thus expected to cover 300,000 new members every year.

This would put an initial strain in that in the first two to three years BRAC invests in sector training of the members, hence spends more than they earn, but after year three the earnings from the portfolio exceed the costs.

Analysis in previous paragraphs shows that credit is the strongest portfolio of RDP, the plank on which the financial sustainability of the project rests. Thus it seems logical that the credit portfolio be maximized in the coming years, so that the surplus can continue to fund sectoral and other development programmes of BRAC. The projections for the credit fund of BRAC are given in the Annexure I. Given realistic assumptions about increase in number of members, average loan amounts, repayment rates, and costs, BRAC expects to get about 350 to 440 million TK contribution (lower end if new members are included, and higher end if they are not) from the credit fund for its development activities. (Annexure I on credit projection).

The projections show that including new members reduces initial earnings, but over a period of time, by 2003 the return for the projection with new members, is more than twice as high as that without new members. This indicates that it is a good long-term strategy to get revolving funds and extend coverage to new members.

Development Credit: BRAC's Coverage

As of now, BRAC has a reasonable coverage of people in the poorer families. At the lowest level, the IGVGD programme offers credit to vulnerable women. At the next level is the RDP credit programme, along with the Rural Credit Programme (RCP). This is the largest span, covering people with needs up to 20,000/- taka. The next band is the MELA programme, which provides credit to micro enterprises, ranging from 20,000 to 200,000 taka. The proposed BRAC bank will service yet another clientele, at even higher levels of credit requirement.

Given its reach in both rural and urban areas, and experience of 25 years, credit is the strongest activity of BRAC. With the proposed expansions, BRAC will be a key player in each segment of the credit market in Bangladesh.

Specific Recommendations

4. **Do an Industry Analysis** The micro credit sector in Bangladesh has broken new ground, and new products are being introduced. Given the size of the NGOs relative to the size of the country, new introductions tend to be replicated fast by others, and also make an impact on the overall market for micro credit. In this situation, it becomes important for a large NGO like BRAC to keep track of the current developments at all times, and assess impact of these on its own credit operations.
 5. **Strategically Position BRAC Credit** We recommend that BRAC conduct an internal study, through RED, or using external consultant on the size of the micro credit market, with specific reference to BRAC. Keep in mind the existing competition from different agencies and products, and then project the scenario that would be of relevance to BRAC. This would help BRAC make important strategic decisions. It is like an industry survey specifically meant to make market segmenting and positioning decision for BRAC.
 6. **Explore Credit Guarantee Fund** BRAC has a large amount of funds locked up in the loan loss reserve. While this is essential at the present stage, the banking sector has traditionally used credit guarantee funds. Large micro credit supporters in some countries are now considering this option. It may be good for BRAC to explore whether it is useful and / or possible to set up a guarantee fund for BRAC's credit fund. If this were possible, it would be a good back up for increasing coverage, especially to cover vulnerable people. It would also release more funds for BRAC for the loan operations. This may be a good idea to study, and even look at working on for post RDP IV.
- **BRAC should do a complete financial modeling including each part of the RDP programme for post RDP phase between March and June 2000.**

2.iv) Effectiveness and Sustainability of Sector Programmes

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Consider progress in implementing the recommendations of recent sector programme reviews, and general appropriateness and effectiveness of the sector programmes in contributing to employment, income generation and other social objectives, particularly gender and equity. Review the prospects of sustainability of sectoral programmes, for example through cost recovery mechanisms. Review the extent to which economically active VO members are solely/ mainly dependent on BRAC inputs. Does subsidy give BRAC an unfair advantage over other suppliers.

Identify areas of concern, and advise them on potential priorities for technical assistance in the short and medium term.

Strategic linkage between credit and sectors

The success of BRAC in bringing people above the poverty line is largely dependent upon the sector support provided. BRAC's poverty alleviation strategy involves:

- Group Organization (BRAC selects women according to a criteria of poverty, and groups of 35 women are formed, called VOs)
- Savings & Credit
- Training in any sector
- Technical support
- Input support and / or marketing linkage and/ or marketing of output
- Follow up
- The cycle repeats, and is a continuous process

The sectors are as follows:

- Agriculture, Horticulture
- Poultry & livestock
- Fisheries
- Sericulture
- Social Forestry

In this way, credit and sectoral training and follow up support go hand in hand. Due to this linkage of credit and sectoral support, BRAC has been able to create several entrepreneurs in each sector.

REP: An incubator for sector programmes

The Rural Enterprise Programme is the section of RDP where several activities are experimented with, and then converted into a business that can be developed to scale. This small business would then be ready to replicate. REP has 'moduled' several sector activities into businesses by villagers, in this way. The activities developed in the section include Key rearers, chick rearers, model rearers, hatchery, cow rearers (in poultry and livestock); vegetable growers, horticulture nurseries, grafting nurseries, Agro forestry farming, (in agriculture and horticulture); Chawki rearers (sericulture), low cost hatchery, Sarputi rearer, carp nursery operator (in fisheries) etc.

The number of businesses taken up are given in the following table:

Table 2.8

**Operational Report of Sector Programme :
May 99**

Sl. No.	Particulars	May-99 Cumulative
Poultry		
1	Poultry Worker	49983
2	Key Rearer	1377960
3	Chick Rearer	18282
4	Model Rearer	11202
5	Hatchery	1415
6	Feed Seller	2531
Livestock		
7	Cow Rearer	101779
8	Calf Rearer	1639
9	A I Worker	143
10	Paravet	3625
Agriculture		
11	Vegetable Grower	84588
12	Vegetable Cultivated Land(Acre)	24155
Social Forestry		
13	No. Horticulture Nursery	7065
14	Grafting Nursery	619
15	Agro-Forestry Farmer	14609
Sericulture		
16	Chawki Rearer	1959
17	Silkworm Rearer	11149
Fisheries		
19	Water Body(Pond) - Acre	25876
20	Water Body(BRAC&IFAD)-Acre	3639
21	Low Cost Hatchery	223

22	Fish Rearer	100526
23	Carp Prawn Rearer	5363
24	Sarputi Rearer	21111
25	Carp Nursery Operator	9183
26	Prawn Nursery Operator	808

NEER

27	Shuruchi	1314
28	Supanna	5453

Total businesses created 1886200

There may be some overestimation in the above table, in the case of pond and water bodies acreage, where the assumption is made that each acre constitutes one business. Similarly, in terms of vegetable lands cultivated, the figure is in terms of acreage. In reality most women have less than an acre, but some may have more than one acre of land. It would be a close estimate to say that the number of rural businesses was about 1.85 million in 1998. As BRAC records only the main activity of each entrepreneur, there is no risk of double counting the businesses. In fact there may be an underestimation of number of entrepreneurs, as some businesses (e.g. pond aquaculture) are group businesses.

How is sector self sufficiency ensured?

BRAC has a system of service charges for various provided to members in each sector. Over a period of time, these service charges are expected to yield sufficient income to cover the expenses of providing the services. There are different ways of levying service charges:

- The charge can be for inputs, for instance each Day Old Chick (DOC) is paid for, or the feed purchased, or eggs in the case of silk, vegetable seeds, and so on.
- The service charge can be based on the service provided, e.g. Visits made for treating a sick cow.
- A coverage based charge may be levied for follow up services and technical support, for instance the member may pay a standard fee per year per water body for fisheries sector, or per acre for support services for the agriculture and social forestry sector.

There is an elaborate system for service charges for each sector, which is meticulously designed and followed up by BRAC area offices. The head office follows this up. Studies are done internally to ascertain the costs of services and whether the charges levied cover the costs incurred.

Prospects of self sufficiency

There are several ways in which sectoral programmes can be made self-sufficient. The service charge system is explained above.

At the beginning of RDP IV, targets were set for service charge recovery. The performance against these targets is given below:

Table 2.9

Service Charge Realization : Target & Achievement

Sector	1996			1997		
	Target	Achievement	%	Target	Achievement	%
Poultry & Live Stock	5,265,00	11,021,23	209	8,651,2	10,123,1	117
	0	7	%	50	54	%
Fisheries	3,997,17	4,636,911	116	5,773,0	4,948,18	86%
	0		%	50	3	
Agriculture & S.Forestry	6,430,50	5,846,433	91%	7,807,5	5,880,78	75%
	0			00	3	
Sericulture	840,000	2,745,428	327	1,800,0	3,020,32	168
			%	00	8	%
Total	16,532,6	24,250,00	147	24,031,	23,972,4	100
	70	9	%	800	48	%

Sector	1998			1999(Ma rch)		
	Target	Achievement	%	Target	Achievement	%
Poultry & Livestock	11,984,2	9,064,499	76%	2,765,7	2,300,62	83%
	50			00	5	
Fisheries	7,082,19	7,687,077	109	1,672,7	1,785,65	107
	0		%	04	6	%
Social Forestry	918,000	840,249	92%	218,70	200,648	92%
				0		
Agriculture	8,172,00	8,248,329	101	1,786,5	1,736,51	97%
	0		%	00	1	
Sericulture	3,520,00	1,454,380	41%	1,040,0	253,503	24%
	0			00		
Total	31,676,4	27,294,53	86%	7,483,6	6,276,94	84%
	40	4		04	3	

The service charges collection as per targets was low in 1998, but has picked up and is expected to be on track from 1999. Given that BRAC has plans to extend acreage in ponds, and in horticulture activities, overall targets for service charges collection will be met. There is a difference in sectoral recovery, and sericulture will not attain the previously forecasted levels.

These service charges, however, do not cover all sector costs. The table below gives the extent to which sector programmes cover their costs, for the calendar year 1998, and the first three months of 1999.

Table 2.10

Cost Recovery Report : 1998 & 1999(March)
For January to December 1998 :

Name of Sector	Service Charge Realized	Incl. Training Cost		Exc. Training Cost	
		Total Expenses	% of Recovery	Total Expenses	% of Recovery
Fisheries	7,687,077	27,405,906	28%	11,834,990	65
Agriculture	8,248,329	26,605,424	31%	12,411,205	66
Poultry & Livestock	9,064,499	64,806,743	14%	28,278,307	32
Sericulture	1,454,380	9,545,005	15%	3,902,408	37
Social Forestry	840,249	10,141,046	8%	4,842,956	17
Total	27,294,534	138,504,124	20%	61,269,865	45

For January to March 1999:

Name of Programme	Service Charge Realized	Incl. Training Cost		Exc. Training Cost	
		Total Expenses	% of Recovery	Total Exp. (Exc. Training)	% of Recovery
Fisheries	1,785,656	9,450,599	19	4,448,062	40
Social Forestry	200,648	3,026,281	7	1,169,932	17
Agriculture	1,736,511	11,289,049	15	5,383,290	32
Poultry & Livestock	2,300,625	21,083,659	11	8,735,582	26
Sericulture	253,503	7,525,712	3	3,018,139	8
Total	6,276,943	52,375,300	12	22,755,004	28

The tables show that sector programmes cover their costs only to the extent of 45% in 1998. However, since this year all operations were affected by flood, businesses like

fisheries, poultry and livestock, agriculture, suffered a setback. It is expected that by the end of the project period. Sector costs will be covered to the extent of 75% (if training costs are excluded).

In the first year, training costs are much higher than service charges levied. As the member becomes competent at the main activity, she gives more by way of service charges and costs reduce. However, the sector portfolio does not become positive for BRAC-RDP as a whole for the following reason:

- Every year several new members are inducted (around 300,000 are expected to be inducted every year from 2000 to 2003), and there are training costs to be incurred for all new members.
- With increasing membership more staff has to be deployed to provide follow up and technical support services.
- As the portfolio grows, member training will reduce and cost reduction is expected.
- As members begin to need reduced follow up support, BRAC would reduce some of the follow up staff.
- There is a planned strategy for increase in service charges for each sector, which is detailed below.

Agriculture: BRAC plans to increase the number of nurseries per area office. As the area under nurseries increases, cost recovery would increase for the sector. As both vegetable growing and plant nurseries are profitable businesses, agricultural sector is likely to become financially self sufficient within the project period.

Fisheries: In the fisheries sector, too, it is expected that hatcheries, nurseries and pond aquaculture will increase. BRAC has plans to increase the number of water bodies with their members. This would increase service charges.

Poultry: BRAC plans to put up one more poultry farm for DOCs, this would give increased income. Income from broilers is expected to go up too.

Sericulture: BRAC plans to extend bush cultivation, as suggested in the sericulture Mid Term Review report. This would improve the quality of cocoons, which would then command a higher price, and yield improved yarn.

As for self-sufficiency for the sector programmes as a whole, this will be achieved by cutting down the single largest element of cost, training. Both member and staff training costs have been high because of increase in members and staff. This will be cut down by early 2000, and then there is a realistic possibility of the sector programmes becoming financially self-sufficient to the extent of 80%. While agriculture, fisheries, poultry and livestock are likely to become fully self sufficient, social forestry may reach 60% and sericulture sector less than 50% by the end of the project period.

Given these strategies, it is expected that targets for service charge recovery will be achieved for all sectors, except for sericulture. Given the revision of activities as

suggested in the mid-term review of the sericulture sector (Morton and Datta), BRAC sector team has revised the targets for service charge realization downwards. The cost recovery, as a percentage of total costs (excluding training, is expected to be 60% in 1999 and 65% in the year 2000.

Sector programmes will require a subsidy of 30 to 40 million every year, at the current levels of membership, to cover several support services to new members in different sectors.

Contribution to employment and income

The number of businesses in each sector, by main activity is about 1.88 million. The calculations of additional income and employment generation are done as follows:

- The additional income generated from the main activity is calculated. If this exceeds TK 500 per month, it is counted as full time employment for one person. The net income is taken for this calculation.
- As the calculation is done for women economic activities at the village level, only one person's employment can be counted for each member. By and large this would be all right. In cases where husbands, brothers, children help with the activity, this way of counting will not account for additional employment created. However, by the conservative principle, this is a good practice.
- Similarly, there is another level of underestimation. Each woman has one main activity, as per the records with BRAC, and it is for this activity that technical and follow up support from BRAC is provided, for this activity that BRAC estimates the employment generated. However, each member in fact has a portfolio of income earning activities, for instance she has a few hens, goats, maybe a cow, and a fish hatchery. The calculation of income is a conservative estimate in that it takes only the main activity into account.
- Twice a year, programme staff and monitoring staff do sample surveys to find out how much income is generated from each activity. These findings are put together to estimate the total employment generated by activities in each sector.

Gender Equity

Gender equity of the financial portfolio can be seen by the gender differentiation of the loan portfolio. In the case of BRAC, over 98% of active members are women. This percentage, however, only indicates that women are the debtors. The key determinants to whether these loans contribute to gender equity has to be seen through the following indicators:

- Do women decide which income earning activity will be taken up?

- Are they technically competent to take up the activity?
- Do they manage the most critical business activity?
- Do they have access to markets, and therefore the cash income from the business?
- Do they have control over the earnings?

In this review, it was not possible to find all the above answers. However, the overall picture seems positive. Most of the time women decide which activity will be taken up. This is done in discussion with the BRAC local staff, who introduces the women to the different sectoral activities. Women then choose the activity they feel they can manage best, for the first loan. This may be goats or poultry very often, and many times the first loan is taken for a rickshaw, which the husband would use instead of the one he rents out currently. This saves the family some money every day.

BRAC provides orientation and training to VO members for the sectoral activity the women have chosen. This is the most important input as it orients the woman, provides her the required skills and puts her definitely in charge of the business, however small that it may be.

Most of the time women manage the activity. Goat rearing, cow rearing, poultry, are activities which women look after. In the case of nurseries, men of the family help with the labour. Women manage the fishery (hatchery, rearing, etc.) themselves too. The technical training, combined with inputs support and follow up support by BRAC, ensures that women are able to do a competent job of managing the business.

The most critical link is the one to the market. In most cases, the sales are local, within the village. In other cases, buyers come from outside to the village to purchase, e.g. eggs, fingerlings, 8-week-old chicks, plants, etc. There are also businesses and times when the produce has to be taken to the market, especially for vegetable growers, fishes, etc. In such cases, there are instance when the men take the produce and receive the cash. Where the produce is taken to BRAC office, the woman has to complete the transaction herself. Overall, women seem to be in touch with the market, and have access to markets. This is an impression derived from meeting with about 30 women entrepreneurs at random.

Some aspects of access and control over credit are studied in BRAC's impact study, which indicates that 53% of women handed over their loan money to their male household members.⁹ However, a more comprehensive study, of a few in-depth case studies, would show what impact the credit has had on gender relations.

Income Equity

The issue of whether sector programmes contribute to reduction in income inequalities in the village, can be assessed at the time of impact assessment. In general, if the targeting of the poor is done well, there would be a reduction in income inequalities. In some

⁹ A.M.M. Hussain (ed.) Poverty Alleviation and Empowerment: The Second Impact Assessment Study of BRAC's Rural Development Programme. BRAC, Dhaka. July 1998.

cases where natural resource management is involved, there is a redistribution of assets in favour of poor women. For instance, in the Baor programmes, ponds which had been silted, have been desilted, and have been given to groups of poor women for fish rearing. These ponds have been leased to women, on a 50-year lease contract, by the government. In these cases there is a definite impact on both economic and gender equity.

Conclusions

- The sector programmes are doing well, and form the dynamic linkage between credit and increasing incomes of VO members. Of the five sectors, agriculture, horticulture, fishery, poultry and livestock are well on track. The sericulture sector is new to BRAC and needs two to three years to overcome the technical problems. The mid-term review of sericulture has made suggestions about the improvements to be made, and these are being implemented by BRAC.
- Overall, the target set for service charges is likely to be achieved in the case of all sectors except sericulture, and in the latter case the target has been revised downwards, given what are realistic targets after mid term review of sericulture.
- Sector costs were covered by service charges to the extent of 20% in 1998 (45% if training costs are excluded). The goal of overall cost recovery for sector programmes will not be achieved. It is expected that by the end of the project period, overall cost recovery (excluding training costs) will be to the extent of 65%. The sector programmes will continue to require support from the credit portfolio of RDP. The extent of subsidy required will be about 70 million a year with training costs, and 20 – 30 million without training costs. (This is one tenth of the total earning expected to be made by the credit portfolio in the coming years.)
- The cost recovery mechanisms evolved in BRAC over time, are very sophisticated, and well designed. They are based on services provided, inputs provided or the acreage serviced. Mechanisms are in place to monitor cost recovery and to extend coverage and outreach in each sector so it reaches sustainable level of operations. This is done at the branch level, and supervised by the sector programme manager.
- When sectoral credit recovery is analyzed, however, we find that the sectors, which have the highest repayment rates, also have the highest percentage of loan outstanding. The weakest sector, sericulture, is also the smallest in size, and is less than one percent of the total credit portfolio. Given that the income from sericulture benefits the really poor women in the RDP portfolio, it seems reasonable to experiment with it, and try for another two years, to have some activities in the sector become viable.
- The design of sector programmes is such that there are at least five types of village level entrepreneurs created in each sector. There are also BRAC

programme support enterprises providing specialized high quality inputs. Overall, BRAC sector programmes have created about 1.8 million rural businesses.

- While gender and equity impact could not be separately assessed (and this is better done in a separate study), overall position of women has improved and inequalities have been addressed by accessing and providing more public resources for poor women (land, ponds, trees).
- The sector portfolio in BRAC is good, dynamic and improving all the time. Sericulture needs to settle down and become more productive. Fisheries, agriculture, social forestry and poultry and livestock offer good income earning opportunities to women. The recent programmes for accessing land / ponds/ trees for women are the most impressive, as they get women direct access and control over scarce natural resources, and provides a great opportunity for women to participate in natural resource management.

Recommendations

1. **Augmenting staff skills for enterprise training and support** The programme staff at the area level need training, in both financial management (which has been started within BRAC during the last year) and in micro enterprise support. This can be done if micro enterprise training linkages with DUBS, for Regional Managers and Area Managers' training. Linkages should be established with other providers of business development services within the Asian region.
2. **Document and disseminate information on sector activities** BRAC must produce pamphlets giving the details of each sector programme. The pamphlet must contain information like flow chart, individual enterprises/ group enterprises and BRAC PSEs at each level, numbers of women reached through each sector programmes, training provided, etc.
3. **Better Area Level MIS to facilitate sectoral analysis** The report forms for sectoral data from area offices must be redesigned, or additional formats be created to enable better decision making regarding sector-wise cost and expenses.
4. **Subsidize a portion of sector costs** There should be no pressure on the sectors to recover full costs through service charges. The costs incurred in training must be incurred through grants. This is all the more important in the context where more and more poor women are being included in the portfolio. If each client begins to pay full cost of services by BRAC in the third or fourth year of being a member, that should be all right. Subsidy to new members, from the credit portfolio or from grants, should be accepted as part of a development agenda.
5. **Do a study on sustainability versus productivity.** Sustainability from the environment angle is a difficult issue to understand, but it is important to do so.

Productivity and income concern at the country level and client level. In this context, place BRAC's interventions with hybrid seeds, poultry farms, feed mills, etc.

Are BRAC members solely on BRAC inputs? Is this an unfair advantage for BRAC?

Findings

BRAC provides inputs wherever inputs are not available, not of good quality, in short supply, or too far for the clients to obtain. In most cases, the needs of the client have been foreseen by BRAC, and technical support acquired, to provide good quality, reasonably priced inputs at the doorstep of the client.

The rationale for supporting high value activities by clients was to give them sufficient increase in incomes. In order to do this, clients have to work with activities where income-generating potential is higher than those activities which are within the current capability range of women.

Thus, the total input package of BRAC contains:

- Suggestion for alternative high income yielding IGAs
- Training for these at BRAC
- Credit through BRAC VOs
- Provision of inputs from BRAC
- Technical support and follow up by BRAC
- Marketing support through BRAC

While at first sight this may seem like a captive system, in fact it has several options at every stage for the clients. These options are as follows:

- Clients never have to take the IGAs which have strong input-output linkages with BRAC, they can do other activities with credit they take. For instance, a woman does not have to rear high variety chicks and be dependent on supply of day old chicks from BRAC centre. She can rear local hens for eggs and meat. The choice is completely of the woman, and she takes high yielding varieties from BRAC because they yield higher output. In most cases, women keep a combination of local and high yielding varieties.
- For purchase of inputs, too, clients have a choice to buy from BRAC or outside. As stated above, people make the choice for BRAC only because no other low cost, good quality options are available locally.
- BRAC provides the technical support, which would not otherwise be available to the clients. It does that directly, and has also created several categories of local technical support agents as entrepreneurs. For instance the Poultry worker is a local person who has been trained by BRAC, he/ she is trained by BRAC, and

now provides the service to clients for a fee. The medicines are obtained from the government by BRAC and supplied to the Poultry workers at same cost. Similarly, the feed supplier is a category of entrepreneurs created by BRAC.

Oshiman joined the IGVD group started by BRAC in Shankarpur village of Islampur region. There are 62 members in the group, Oshiman has been a member from the inception of the group, i.e. for 6 years and 7 months. She took four loans from BRAC. With the first loan of 1,000 TK, she bought two goats, and with income of these, leased some land for agriculture. The second loan of 2,000 Tk was used to buy a calf, which was sold for 3,500TK. With the third loan of 3,000 TK she bought 10 decimals of land on which she made a house to live in. Oshiman took a loan for sericulture, too, and started this as her main activity. Her annual income from this activity is about 8,200 TK per year, she is proud that she now earns well, and does not need any further loans from BRAC. "I made a house, and now have a home to live in. I earned enough to get my son married. I am independent now, and earn well for my survival."

She buys eggs from BRAC and sells the cocoons to BRAC's office. The village is remote, there are no other suppliers of eggs, no other buyers of cocoons. What will Oshiman do if BRAC closes? She is dependent in that sense. She can go to the reeling centre and sell her cocoons, but the reeling centre also belongs to BRAC. There are no other options for purchase of eggs, and sale of cocoons.

In this area, troubled by river erosion, where there are few options for earning income, if BRAC has provided some income earning options for women like Oshiman, is this dependence positive or negative?

- Again, for sale of output, BRAC centres offer a service. Clients are free to sell outside of BRAC. In most cases, as BRAC creates the demand by promoting the same income generating activity with different clients in a vertically integrated manner, it helps both clients and BRAC to be in the system. For instance, Shahida who raises day old chicks from BRAC centre, to 8-week poulets, can (and does) sell the latter to any village rearer. She opts to sell through BRAC because the BRAC officer keeps track on the day on which her chicks will be 8 weeks, and informs those rearers who need this chicks to come to BRAC centre on a particular day. Thus BRAC provides networking for the marketing, because of BRAC's policy to provide options for income generating activities to people.

Thus, BRAC facilitates members to take up new activities with higher income earning potential, rather than holds them captive. There is some dependency, but this is not much more than it would be on any other producer, given the lack of high quality supply of inputs in rural Bangladesh.

6. The programme support enterprises run by BRAC are:

Programme Support Enterprise under RDP	Number
Feed Units (Poultry)	2 + 1 work in progress
Poultry farm for Day old Chicks	2
Prawn hatchery	5
Fish hatchery	1

Shahida Begum has three huts, of which one is her house, and two are sheds where she does chick rearing. She buys DOCs from BRAC, and rears the chicks for 8 weeks. The poulets are then sold to other group members. She does this directly from her farm, BRAC officers inform other group members on the date on which her chicks would be 8 weeks old, and these members then come and buy chicks straight from her homestead. Sometimes she takes the poulet to BRAC's office, and the members come and buy from there.

The poulets are sold to poultry rearers: members who keep the females for laying eggs. They fatten the males for 10-12 weeks and sell these for eating. Usually each purchaser buys 0-15 pieces.

Hers is an independent business, she depends on BRAC for the DOCs, and BRAC facilitates the sale of the poulets. She also buys the feed for the chicks from BRAC, and this is because she is convinced BRAC's feed is of high quality. The price is a little higher than if she were to mix the feed on her own (and she knows how much of each ingredient is required to mix feed, she has been trained in BRAC to do this). However, mix prepared with ingredients is not of high quality, and it is better to use BRAC feed. After 18 weeks the chicks are sold, the shed is kept clean for 2 weeks, and then she fetches her next supply of DOCs.

Shahida now has three huts, of which one is her home, and two are for chick rearing, and every 20 weeks, she is able to earn 16,000- 20,000 TK (200-300 chicks per hut, @ 40 TK per chick)

She is a competent, trained chick rearer, well known in the area, people come and buy chicks from her regularly. BRAC facilitates the sale, and she keeps a current account with BRAC, but she is fully in control of her business. There is only the BRAC farm in the area to buy DOC's from. Is this relationship dependence or capacity building and facilitation?

Conclusions

1. While BRAC has started several businesses for providing programme support (PSEs) in each sector, it has also created an equal number of local entrepreneurs. Activities that could be taken up locally, did not require too much technology, and / or too much capital were decentralized. (examples: PW, Feed supplier, etc.)
2. Typically, BRAC has taken up as PSEs, those businesses which required technical and financial cooperation of a high order. (example day old chick rearing, feed making)
3. While the client appears to need BRAC support at each stage, this support is not of an exploitative nature, and several choices exist in the system.
4. If BRAC has to provide significant increases in incomes, it must look for high value activities. These activities require technical training, inputs, follow up support, marketing linkages, in other words, a whole package.

5. If BRAC has to build capability to provide a package of inputs and services successfully (in terms of quality and scale) it must depend on the services that are set up, being used by its own clients. Given a large client based, this has been possible.
6. Thus the dependence between the client and BRAC is systemic, and tied to the need for the poor to increase incomes, and for BRAC to ensure that in a financially sustainable manner.
7. There is, therefore, an element of dependency both ways. However, this does not mean the circle is a closed one, people have a choice to exercise, but sometimes they have no options!
8. Fortunately, we have one strong indicator of when and whether this dependency can get restrictive for the clients. If BRAC insists that they buy inputs from, or sell outputs to BRAC, then it would mean they are tied, but such pressure does not exist. In fact, in case of several inputs that BRAC produces (e.g. feed, day old chicks) the demand is much more than the supply. In each case, BRAC could set up at least one or two more factories, and continue to make a profit. So, as long as demand is more than the supply, there would be indication that BRAC clients gain rather than lose from BRAC's supply of inputs.
9. The checks of the issue of dependence and unfair advantage can be made at various levels:
 - a. Whether clients have a choice or not, and how they exercise this choice, and why
 - b. Whether the demand is greater than supply, because as long as that situation exists, there is no need for BRAC to reach only its own clients, they can also sell outside.
 - c. Similarly as long as there is greater demand than supply, there would be an opening for private sector units to come in. BRAC feels that they have led the way, in this direction. They have pioneered new approaches, brought in new technology into the country, and provided high quality inputs to the members. In this way, they have in fact created a market for these products where previously there was none.
 - d. The check of whether this is unfair competition is the price charged by BRAC. BRAC has priced its services and inputs at the market price, and not below, thus not taking unfair advantage of the donor support to start its enterprises.
 - e. This pricing at the market level is not exploitative for the member, in fact since the demand is greater than supply, the member benefits, because BRAC gives a preference to members for the supply of these inputs.

Recommendations

1. The fact that this issue is being raised and discussed brings out the need for discussions in open forums. A much broader debate on issues of social entrepreneurship is needed, and the donors can lead this.
2. While social entrepreneurship by organizations like BRAC ensures that funds are available for research and technology development that benefits the poor, the question asked is whether such research should be placed within NGOs, research institutions or private sector companies. And in case institutional forms other than NGOs are chosen, whether donor funds should then be used to support these activities.
3. The statutory form of the institution assumes importance for two reasons:
 - a. NGOs are bound by statute to ply back profits to development work. Thus donor funding to NGOs is sure to go for development objectives, and for poverty alleviation. Donors may want to ensure that this would happen, if they were to fund private sector's ventures for technology development.
 - b. NGO work is targeted for the poor, and it is often possible to monitor the extent of this targeting. NGOs make a specific commitment towards this objective.
4. In dealing with these issues over the past years, there have been several examples of companies doing social development work. There are also several examples of cross-sectoral partnerships, between NGOs, government, private sector, and research institutions. These partnership projects and processes are documented and have become an important agenda for some leading organizations.
5. There is an opportunity for donors to promote more knowledge about BRAC in the private sector and to facilitate a dialogue. One possibility would be to hold a partnership workshop with an organization such as the Prince of Wales Business Leaders' Forum.

Chapter 3 Gender

ToR

Review progress in implementing different aspects of BRAC's March 1998 Gender Policy (both programme and staff related initiatives), and suggest short and medium term priorities for the programme.

3.i) GENDER EQUITY WITHIN THE RDP

The RDP IV (RDP) with its objectives of poverty alleviation and empowerment of the poor is implicitly addressing gender equity issues in its three core areas of rural development, education and health. The RDP is a comprehensive programme for poor rural women, with the following components particularly designed to address women's needs:

- class-specific organizations;
- gender-specific education and awareness;
- savings mobilization and credit;
- technical skills training;
- access to quality production inputs;
- protected programmes for extremely poor women (hard core poor);
- access to improved water and sanitation and women's health care;
- access to education for children of poor families;
- applied linkages for gender issues with both the credit and the social development programmes;
- poor women's representation at the ward and union council levels;
- gender awareness for the men and women of BRAC staff;
- action-orientated programmes to address women's human and legal rights in the civil society at large.

BACKGROUND

Historically, BRAC's programming has always been directed at serving poor women through its early initiatives in health care, saving groups and income-earning opportunities. In the early 1970's, posting educated women in remote rural areas, to work with poor women was generally unacceptable to the society at large. BRAC's early work with poor rural women can mainly be attributed to the planning and leadership provided by BRAC's men.

By the mid-1980's, various groups within BRAC had begun to discuss aspects of programming for women. Conceptualization on women's participation was centered on questions of 'women in development' or 'gender and development' or 'gender equity'. By the mid-1990's, 'gender units', and 'gender training' and 'sex-specific monitoring'

had become part of BRAC's activities and by 1998 BRAC had formalized its gender perspectives in the form of a policy.

Meanwhile the RDP programme was expanding in both its breadth and depth of coverage for poor rural women. BRAC continued to struggle with the issue of recruiting, training, posting and retaining qualified women for work in remote rural areas. Much of the front line work with women VO members continues to be done by male Programme Organizers and by the VO members themselves, as health care volunteers and HRLE teachers. Both the quantity and quality of front line coverage provided by these large teams of trained local women is indeed impressive.

The RDP has expanded very quickly since 1996 and although gender policies were in place, the involvement of more women in the organization created tension and disruptions in the workplace. Within the past couple of years the Gender Quality Action Learning (GQAL) approach has been widely implemented, resulting in greatly improved working relationships between men and women.

FINDINGS

Ninety five percent of the membership of RDP is composed of women. Throughout rural Bangladesh, over 56,000 women's village organizations have been formed with a strong savings and credit programme. With lateral linkages to BRAC's health and population programme (HPD) and education (NFPE) components, RDP provides opportunities for some 2.2 million poor women and their families to change their economic, nutritional, health, social, educational, legal and political status. One may therefore quite safely assume that there is nothing in RDP that is not gender-orientated.

RDP's social development activities all have a strong gender component centered on Human Rights and Legal Education (HRLE). Selected women members of the VOs have been trained and supported to deliver this 30-day module to each VO under all area offices. The same material is now being discussed through the *Gram Shobhas*, Social Action Committees, Ward Federations (*Polli Shomaj*), Community Leader Workshops and Popular Theater presentations. VO members, their husbands, community and religious leaders have now begun to discuss and act upon local practices related to underage marriage, illegal divorce, polygamy, dowry and violence against women.

Following on the programmes undertaken to provide gender awareness within the community, RDP, in cooperation with Ain-o-Shalish Kendra are piloting a legal aid activity for VO members who are the victims of sexual crimes. BRAC regional and area offices are responsible to document such reported incidents. In addition, VO members have been advised to report incidents of sexual abuse within their village and depending on its degree of severity, to seek address from the Union Chairman, the village *Shalish* (council), and the *Polli Shomaj*. Judging from the degree of concern expressed by VO members, their families and local community and religious leaders, as well as by the escalating rate of sexual crimes in the rural areas, the demand for this service is likely to urgently exceed what can be provided at the pilot phase.

The provision of essential and reproductive health care to women and their families is a well-executed component of the RDP. VO members are routinely provided with life insurance, an annual medical check up and any required referral for subsequent treatment. Selected VO members are trained as health volunteers (*Shastho Shebika*) and provide health education and essential care to VO members at village level. Basic medicine, contraceptive supplies, delivery kits, iodized salt, ORS, water-seal latrines and tubewells are sold on a door to door basis. VO members are motivated for government campaigns for immunization and Vitamin A distribution and referred to government health centers for curative medicine, pregnancy and safe delivery care.

NFPE schools have an enrollment of 70% girl students. Eighty percent of RDP VO members send their children to BRAC schools.

In 1997, 1,415 women of the VOs were elected as members of the Union Councils throughout Bangladesh. Although BRAC had strategically withheld direct involvement in the elections, poor women have utilized opportunities provided under the RDP to gain this historical achievement of political representation in what has traditionally been the domain of rural elite men.

Since 1996, the RDP has placed emphasis on providing qualified women staff at field level and on promoting women staff to management positions at area, regional and head office levels. In 1998, the post of Programme Assistant has been eliminated and staffs holding those positions have been promoted with pay increases, to the post of Programme Organizer at level V. This re-structuring will provide women staff with an opportunity to receive regular employment benefits and to be promoted into lower level management positions.

Table 3.1
BRAC-RDP IV
All Offices Staff Position by Level
To March 1999

Name of Office	Staff		Total	% of Women
	Men	Women		
Regional Office	807	61	868	7.03
Area Office	11,318	3,925	15,243	25.75
Head Office	63	19	82	23.17
Total	12,188	4,005	16,193	24.73

Area Office Staff Position by Name of Post

To March 1999

Name of Post	Staff		Total	% of Women
	Men	Women		
AM/ PO In-Charge	318	62	380	16.32
PO (VII)	2,115	607	2,722	22.30

PO (V)	9,541	3,263	12,804	25.48
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While the targets of women in various posts is likely to be achieved in the RDP-IV, the number of women holding posts dealing directly with women's groups on a daily basis needs to be increased for quality programming. With a well-developed strategy on recruitment, training and retention of women personnel, this problem must be addressed in post-RDP IV programmes.

The gender training recently provided by a well-known international consultant for RDP senior management has been well received. This training is composed of sophisticated theoretical concepts but the practical methodology and presentation of the material makes it both relevant and applicable to the everyday needs of programme planners and implementors.

RECOMMENDATIONS

The process of developing gender equity programmes has at times been referred to as 'engendering an organization'. This is not the case with BRAC's programmes, which have always been engendered. As an organization however, BRAC needs to assure that its successful social, gender, health, training and community development achievements are not submerged to its equally successful micro-credit programme. BRAC's leadership have identified the need for women's involvement at front-line and management positions. These needs have now to be put into a strategy.

The TORs outlined for this MTR does not provide adequate scope to flesh-out the details of a long-term gender strategy with wide consultation of BRAC staff and managers. For this purpose, BRAC may wish to engage gender consultants, with a South Asian perspective. The following recommendations are intended to serve as 'thinking points' for such a strategy.

3.1. Re-structuring Gender at a Corporate Level

Although gender programming is historical and intrinsic to BRAC, their Gender Policy was formalized as late as 1998. Mainly conceptual in nature, the Gender Policy provides corporate guidelines for gender programming within BRAC. It is not intended to provide the organizational structure nor the strategy required for planning and managing gender programmes within BRAC and its outside partners. Steps towards a re-organized structure and the formulation of a gender strategy are suggested in this paper.

At present, the units dealing with gender issues are the GQAL team and the Gender Resource Center (GRC). The GQAL team consists of approximately 40 trainers who conduct the GQAL exposure within the organization. The GRC is mainly a library, although staff of the Center has been given the additional task of running the children's day care center. GQAL and the GRC are located within the Training Division and report to the Deputy Executive Director I.

To serve the interests of BRAC at the corporate level, a Gender Unit should be formed with personnel from various departments and new personnel hired-in, as required. The GRC should be re-conceived as a 'human resource' center. Reporting to the Deputy Executive Director I, the Gender Unit should be placed outside the Training Division and should have the conceptual and managerial capacity to assess, strategize and monitor gender needs for BRAC programmes and services, as well as to support gender initiatives with partners outside the organization.

The Gender Unit would need a close liaison with the RED unit to address the pertinent research issues that are required. The Gender Unit will also want to concern itself with the problem of women's recruitment, training, promotion and retention, particularly for BRAC's field programmes. This will require a close liaison with the Human Resource department and may involve the development of further employment incentives for women. The existing employment conditions for women could be formalized and widely circulated in promotional material. Recruitment campaigns for women could be conducted through specialized educational facilities in central and district cities.

The GQAL team is well placed within the training division to complete a first round of training and will probably go on to provide further training for BRAC and outside groups.¹⁰

The documentation of the GRC could be centrally located in the Ayesha Abed Library. The children's day care center could be provided with logistical services and managed by a BRAC staff association or alternatively, by male personnel who may be challenged to undertake this non-traditional role.

3.2. Gender at the Core of Social Programming for the RDP

Although all of the RDP's programming concerns women, there are very few women at managerial positions within the RDP. RDP management is eager to have a 'gender person' to deal with the rising rate of sexual crimes in the rural area. Rather, the RDP requires a gender perspective at the core of its programming (credit and savings, technical sectors, social development, health and IGVGDP) and support services (training, research, human resources, personnel, monitoring and evaluation).¹¹

Setting a separate 'gender unit' within the RDP is not a good idea. Instead of being central to all of RDP programming for women, a separate unit will tend to become isolated rather than integrated. Structurally, this is a pattern for marginalizing gender issues within an organization.

¹⁰ For example, the HRLE training is of high quality and a team of 40 trainers is a valuable resource. With some adaptation, the HRLE training could be 'sold' to a public audience or to specialized groups such as the police force.

¹¹ In future, this would be the role of the re-structured Gender Resource Center – assess the RDP gender needs, recruit and/ or promote the women personnel and provide support and monitoring for their work.

The Gender Policy points out that "... instead of 'adding' women or the gender perspective into existing systems, a redefining and restructuring of social norms and institutions are necessary". (pg 13). This is the ideal time for BRAC, with the RDP, to put this policy into practice.

A new unit known as "Social Development, Gender, Health and Poverty" should be re-organized within the RDP. Two well-qualified women should be placed in this unit, at the levels of Advisor or Coordinator (for the Unit) and Manager (Women's Field Operations). Such a new unit would provide a fine complement to the strengths of RDP's Savings, Credit and Sector/Technical components.

Placing women in RDP managerial positions will re-vamp and strengthen the existing Social Development unit where the pace of field programming is moving very quickly into the areas of federated organizations of women (and men), women's legal rights and gender-based actions with communities. These are sensitive areas which require extensive supervision, albeit in a 'hands off' manner. In addition, indications are that programming with very poor women through the IGVGDP will require new initiatives and rigorous attention. Placing the Essential Health Care component in the same unit will provide essential linkages for the IGVGDP and strengthen the Unit.

While the targets of women in various posts is likely to be achieved in the RDP-IV, the number of women holding posts dealing directly with women's groups on a daily basis is low. With a well-developed strategy on recruitment, training and retention of women personnel, this problem must be addressed in post-RDP IV programmes.

The new Social Development, Health, Gender and Poverty unit would report to the Deputy Executive Director II. However, as this re-organization for gender management will cut across many areas of concern, the process will be greatly enhanced by the support and guidance of the Deputy Executive Director I and the Executive Director.

3.3 Forming Women as Front Line Staff and Managers

The recruitment, training, placement and retention of women staff and managers for the RDP can no longer be considered merely 'a problem'. Problems can be readily solved; disabling conditions can be specifically addressed, on an on-going and long-term basis. Forming qualified women for rural development is a fact of life – an on-going condition for agencies working in rural Bangladesh and mostly targeting women. The mind-set and attitudes needed to deal with forming women as rural development workers should be formulated as a long-term strategy.

It is imperative that the RDP not sacrifice the quality of their field programmes in order to provide a 'quick fix' to meet the quotas for women staffing. BRAC's long experience indicates that effective staff and managers are developed from a base of sound field experience. Be they women or men, this practice should prevail.

To develop all RDP women as competent staff, trainees posted at regional and area offices should learn to listen to the VO women members and regardless of their appointed positions, provide field-based training and facilitation to VO groups, *Gram Shobha* meetings, *Palli Somaj* meetings and community leaders workshops.

3.4. Women's Area Offices

To provide further learning opportunities for women staff and managers, a few selected area offices could be professionally staffed and managed only by women. This provides the opportunity for effective role-modeling and coaching. Such area offices should be located in difficult and remote programme areas, such as the six areas where new components of the IGVGDP are being piloted. It is likely that seasoned women managers will be able to find the right mix of both the 'hard and soft' approaches required to develop strong women field workers. Appointment to these difficult posts could be accompanied by additional remuneration in the form of a 'remote post bar'. Logistical support for the women's offices should be provided by male staff. The setting of these offices should be backed with the strong support of local leaders and community organizations.

Although permanently staffed and managed by women and running all regular RDP programming, these Area Offices would also serve as field training centers for BRAC women staff. The scheduling and assignment of tasks in such offices would require some re-organization in order to provide learning opportunities for field trainees.

3.5. Village Level RDP Workers

RDP has access to a virtual army of women at the village level – the volunteer health workers and the HRLE teachers. Although these women have minimal education (average Class 4 for the health workers and Class 8 for the teachers), they have been well trained in providing particular knowledge and skills. Because they have been recruited from the VO groups, these women relate very sensitively to the average village women. *These women cannot be brought into regular employment nor can they be transferred to other working locations.* As their work in RDP IV comes to completion, programme managers should plan how these women can be creatively engaged for valuable work at the village level.

3.6. BRAC Women in Non-Traditional Work

To enhance the positioning of women in jobs traditionally done by men, emphasis should be placed on recruitment and promotion of women as Sector/ Technical Specialists, auditors, accountants, financial managers, information technology specialists, rural enterprise specialists and RED researchers. It may be necessary to set quotas for recruitment of women to vacant posts in these departments. In most of these jobs, BRAC's male staff will be responsible to provide on-the-job training to new female staff. This will be difficult to achieve and may require a revamped GQAL exposure as well as the provision of rewards for men to serve as 'coaches'.

With its vast organizational and training capacity throughout the country, BRAC is well positioned to increase the number of women who can be trained and employed in the service sectors, including guest center management, commercial cooking, maintenance and gardening.

3.7. Women's Promotion through Education and Experience

Recruiting women at the PO V entrance level is a good step to allow their promotion within the organization. Issues related to educational qualification for this position (or other positions) can be dealt with by providing a salary differential for education. This would be known as an 'education bar'. The use of an 'experience bar' would be another means of providing the RDP with the flexibility needed to hire and promote women entrants with varying educational and experience backgrounds.

Women staff, particularly at the PO V level, could be provided with facilities to improve their education, on a part-time basis. Particularly for women with lower levels of education, such opportunities are now widely available with expanded educational facilities in most district towns and the Open University for continuing education. As motivation for women staff, BRAC's educational package could include a loan and the provision of weekly or monthly 'time-off' to attend classes or sit examinations. Education comes at a cost. Just as the 'education bar' could be provided for those with extra qualification, some reduction of salary will be required for working women who choose extra 'time off' for education.

3.8. Rural Development Education

Over the long-term, BRAC could consider developing a Rural Development degree programme for women (and men). This could be for candidates whose level of education is lower than that required for the Global Partnership programme. Accredited either through BRAC or a traditional educational institution in Bangladesh, the core material for this degree should reflect BRAC's vast experience in providing a comprehensive development package, targeted primarily at poor women and their families.

3.9. Community-Wide Gender Training

The GQAL team is currently considering how to deliver gender training at the village level. Gender issues have now begun to circulate in the wider community, through the fine work done by GQAL, the HRLE and the subsequent spin-offs of the *Gram Shobha*, the *Palli Somaj*, the community leaders workshops and popular theater. It would seem that gender training for the VOs will be redundant at this time and should not be provided during the course of the RDP IV.

What does appear to be needed is a gender-based module for the local community workshops. The material should be based on the social actions that have been undertaken around gender in the *Palli Shomaj*, the Union Councils and the Village *Shalish* (council).

To our knowledge, such 'gender training' has never before been presented to the larger civil society at village level. Although it is a very exciting opportunity, it also represents a potentially volatile situation in light of the increased violence against women and the recent stand of fundamentalist groups in some parts of the country. The RDP should be cautious in developing this component. BRAC may wish to consider the engagement of a gender consultant, with training experience in the South Asian context to develop a suitable module and prepare a male gender training team to facilitate discussion at the village level.

3.10. Developing a Revised Gender Policy and Strategy

Senior managers in BRAC have indicated that there is need to update the Gender Policy. This may not be necessary at the present time. Rather it is recommended that the process of developing a Gender Resource Center Unit for corporate BRAC and a Social Development, Gender, Health and Poverty Unit for RDP could be undertaken during the remaining RDP IV period. This, together with some experimentation on improving women's recruitment and training, as well as programming on gender issues for the larger community, will generate many 'lessons learned'. By the end of RDP IV, BRAC will be ready to incorporate their experience into a Revised Policy and Strategy to represent the indigenous character of gender in BRAC programming.

3.ii) Trends in BRAC - Membership Relations and Organization

ToR

- *Review functioning and development of Village Organizations, and particularly progress on past recommendations (e.g. May 1998 Monitoring Mission) on supporting VO federations which can enhance members' participation in local affairs and access to resources and;*
- *In addition, assess changing relations between BRAC and its members in terms of the increasing emphasis on viable business development, "privatization", and commercial sustainability (issues surrounding members as beneficiaries, members, clients, shareholders?) Also consider any key accountability issues arising from the above review.*

Follow-up on the May 1998 Monitoring Mission

Overall, the RDP-IV is making good progress in its planned social development components. The May 1998 Monitoring Mission made recommendations for the social development activities related to VOs, the issues meetings (Gram Shobhas), the ward federations (Polli Shomaj), training for PO (at that time PA) staff and the need for qualitative indicators in reporting.

Further to the recommendation in the 1998 Monitoring Mission, the RDP are trying to improve their qualitative indicators (see BRAC's response document of June 1998). In

addition, the RDP has presented three issue papers, (*"Village Organization Federations"*, *"Sustainability Workplan"*, *"Sustainability Workplan Update"*) to the DC meetings of December 1998 and May 1999. Although these papers do provide some qualitative perspective for the social development activities, the occasional nature of their presentation is not a solution to the problem of routine qualitative reporting.

In general, the log-frame format is an inadequate tool to capture the dynamic of social change or to assess trends in relation to future programme planning. On the other hand, qualitative reporting cannot provide a representative picture in a programme as large as the RDP. Quantitative indicators are necessary to curtail the 'systems loss' that will occur when a number of social activities are being conducted, for millions of participants, from hundreds of offices, by thousands of field workers and supervisors, with varying degrees of competence.

The collection of quantitative data is consistently well done in RDP. Appendix A provides a sample of the material routinely collected at each area and regional office. A study of this material would provide the basis for selection of representative qualitative indicators, as well as identify suitable areas for both qualitative studies and the piloting of new social-gender and hard-core poor programming. It is expected that the next Impact Assessment (No. 3) will provide a suitable format for in-depth study on selected social development issues. It will be necessary for RDP to collaborate closely with RED in planning the studies that need to be undertaken.

2. Functioning and Development of Village Organizations and Federations

The Village Organization (VO) is the basic unit of women's participation in the RDP. Within their village, VO members participate in routine meetings to develop a savings discipline and to engage in their choice of income-earning opportunities, using credit. As clients and customers, VO members pay for training and extension services on particular technical skills (poultry, fisheries, horticulture, sericulture, agriculture) and quality inputs (chicks, vaccines, poultry feed, seeds, saplings, fish fingerlings, disease-free layings / silk worm eggs).

VO members are benefited by a life insurance policy and basic education in hygiene, reproductive health, nutrition and sanitation. Through door-to-door visits from trained health volunteers (Shastho Shebika), VO members have the opportunity to purchase essential medicine, contraceptives, latrines and tubewells. As selected members of the VOs, the Shastho Shebika encourage their neighbour women to participate in the government's free immunization and Vitamin A campaigns and to provide referrals to curative and delivery services at government health centers. VO members are encouraged educate their children and children of VO members are benefited by having ready access to BRAC's primary schools.

As the VO members gain some degree of financial security, they participate in an intensive Human Rights and Legal Education (HRLE) course, for which they pay a small fee towards the cost of the HRLE teacher (also a selected VO member). With this

exposure, women become knowledgeable in the constitutional, customary and religious law pertaining to important aspects of their lives. Monthly issues meetings known as Gram Shobhas, then become the opportunity for discussions on a range of social issues, including local elections, discriminatory actions against group members, legal marriage (age and registration), legal divorce, polygamy, child support, inheritance rights, the illegal practice of dowry and violence against women. In addition, the Gram Shobha calls upon the participation of members' husbands and male guardians to take up local action-orientated programmes according to the members' needs.

Since late 1997, the RDP have been working on the federation of VOs at Ward level. The Ward is an administrative and political division of the Union. Known as the Polli Shomaj, this federation consists of 15-25 members, elected to represent the interests of three or four VOs in a Ward. To date, the Polli Shomaj have undertaken to mitigate or arbitrate social and gender-related problems, obtain government khas land and ponds, encourage the Union Council to allocate resources to needy VO members (VGF cards, protected labour opportunities) and extend help to fellow members in crisis. It is expected that once the Polli Shomaj have developed their roles in representing the interests of poor people at Ward level, they will initiate similar organizations at Union and Thana levels.

In 1999, the RDP has implemented a programme of workshops for local community leaders. Such workshops are designed to enhance the social and political power of poor women and men by providing up-to-date information on the existing land and family laws of the country and the civic responsibilities of the community's elected, traditional and religious leaders in upholding these law. Persons attending these workshops include VO leaders, representatives of the Polli Shomaj, HRLE teachers, religious leaders, marriage registrars, school teachers and elected Union Council chairmen and members.

To expose the larger community to a greater understanding of human and women's rights, popular theater (nartok) has been piloted in two areas. VO members and their families have been supported to script, play and stage village-based drama productions, depicting stories of oppression of local poor women and men. Drawing on the sophisticated oral traditions of rural Bangladesh, the nartok is a well-loved cultural form that has great potential to develop public awareness.

The VO members, the Gram Shobha, the Polli Shomaj, and the Local Community Leaders are encouraged to use village arbitration (Gram Shalish) and reconciliation as a first-level of addressing problems and injustices. For cases requiring professional attention, the RDP have arranged a partnership with Ain-o-Shalish Kendra, an NGO specializing in women's legal aid. On a pilot basis under two area offices, VO members are provided with advisory services at a legal clinic and follow-up in court, as required.

The extent of violent crime against women has increased in the rural areas. To address this deteriorating social condition, BRAC has recently initiated a 24 Hour Alert service, through all RDP field offices. As beneficiaries, VO members and their families can now be provided with emergency attention for sexually-related crimes.

3.iii) Changing Relations between BRAC and its VO Members

The RDP provides a very complete package of services and goods to its 2.2 million poor women members. All Village Organization participants are members. At varying times *in the groups' development*, all members assume different roles: as VO members they have responsibility and privileges; as VO beneficiaries they have improved access; as VO customers and clients, they have the right to purchase only quality goods and services, at the market price.

There does not appear to be any conflict in the relations between RDP and its members as a result of viable business development and privatization. On the contrary, it seems that by clearly demarcating these roles, BRAC and its VO members are provided with commercial sustainability, through a range of business opportunities, forward and backward production linkages and a selection of marketing choices.

This has certainly been the case for maize production in 1999. In the Jessore area, the RDP sold maize seed and provided training for its VO members with the expectation that it would be able to buy back grain for poultry feed. However this year's maize crop had high moisture content. Although the RDP feed mill was offering a fair market price, considering the costs of drying and storage, VO members choose to sell their maize crop to private feed mills that were offering a higher price. However, considering the higher production costs for processing moist grain, the private feed mills will have to defray production costs by increasing the price of poultry feed. On the other hand, the RDP will have to import maize for its feed mill but a bulk purchase of dry maize will permit them to hold their production costs and therefore the price of poultry food to their producers. This has been a win-win case: both the VO maize producers and the VO poultry producers have gained, while the RDP feed mill has stayed in business.

Findings

Our field findings for the MTR are based on brief visits to several RDP areas and in no way can they be considered to serve as representative information. Enhanced by discussions with senior personnel of RDP, we were simply able to experience the flavour of RDP's activities through visits to:

- a VO savings and credit meeting;
- an HRLE session and a refresher training for HRLE teachers;
- a Village Health Forum and a Shastho Shebika meeting;
- a public information session concerning arsenic contamination;
- two Gram Shobha meetings;
- two Polli Shomaj meetings;
- a Local Community Leaders Workshop;
- a discussion on the GQAL exposure with an Area Office staff;
- a view of the gender training for Regional Managers;
- a view of TARC based technical training for women fish farmers;

- interviews with 2 sets of IGVGDP women in their VOs;
- a view of a village-based, popular theater presentation.

The range and progression of social development and gender activities is impressive; the scale is enormous; the potential is great.

It would appear that over the past 12-18 months, the pace and interest level of the social development activities has increased. In part, this may be due to the fact that the Polli Shomaj and the Community Leaders Workshop have only recently come on stream and combined with the large numbers of women trained through HRLE, a sensitized mass has been created at union level.

In any case, VO members, their families and their communities are becoming active participants in recognizing, discussing, educating and acting on the social and gender-related injustices going on around them. They are possibly moving faster than the capacity of social development staff to provide the services that they will need.

Formerly known as 'issues meetings', the Gram Shobha meetings provide an opportunity for VO members and their male family members to discuss on a range of social and gender issues. Although meetings are attended by the targeted 25 percent men, most men appear to be too young or too old or too unrelated to provide much influence at either the household or community levels. For older VOs (4 to 5 years) it is likely that the Gram Shobha meetings have become uninteresting because they have become repetitive. There is very little more to talk about and although these members know their legal rights and the actions to be taken, they have neither the social nor the political power to get results. Newer VOs appear to need some structure to lead their discussions beyond what is foremost in their mind (for example, latrine installation and tree plantation in the monsoon season).

The Polli Shomaj meetings observed were of two types – possibly representing these groups on either end of the spectrum. In one case, a newly formed Polli Shomaj was attempting to discuss some fixed issues under the direction of the woman VO leader, carefully not intervening in the discussion. Men in the group dominated the discussion. This Polli Shomaj felt it was suitable for them to personally pay for any committee expenses they may incur and no one corrected them. The discussion was floundering. It appeared that the agenda had been set by someone else and the topics were not of great interest to the group. Neither the group nor its leader (and quite possibly the PO) had sufficient knowledge of the subject matter so people couldn't get anywhere with the discussion. The second Polli Shomaj observed was more experienced and able to discuss widely but most of the discussion was not at a stage to have a conclusion, which the PO staff required for the 'action plan'. People were not necessarily ready to race off and 'do something'.

Social and gender development of VO members and their federations needs highly skilled facilitators. The groups are large and poor women need particular handling to bring out their abilities to articulate, analyze and strategize. Front line facilitators should preferably

be women and they need considerable time dedicated to work with these groups. As a very general observation, men often lack the patience and interest needed to first listen to village women's long stories and then to facilitate them in making their own analysis and action plan. Women field workers (particularly those with an educated and urban background) don't necessarily have these skills either, but in many cases they can more easily be developed in women than in men.

In the Community Leaders Workshop observed, the level of interest was high. Three-quarters of the participants were elite men and religious leaders and although they had not yet acquired a complete understanding of legal questions, they were greatly concerned about the local problems related to illegal divorce and under-age marriage. Participants were outraged at the levels of violence against women in the area. The Chairman of this Union would like to provide HRLE classes for men and women outside the VO target group but does not have the funds to do so.

The presentation of social and gender issues to community participants outside the circle of VO members and their families is an important step for the RDP. Dealing with very sensitive material to a wide-based audience will require careful preparation and delivery. The programme should be monitored and negative repercussions dealt with on a one-to-one basis.

Recommendations

Recognizing the scale of the RDP and its' remaining 18-month time frame, any changes of the social development components that are necessary, can only be conducted on an experimental and small-scale basis.

1. Qualitative Reporting for Social Development Activities

Qualitative assessment material, indicating social trends and limited impacts should be included in each reporting format provided to the DLO. The Social Development Programme Manager could work with RED to identify how this will be done and to plan for the qualitative material that will be studied in the future Impact Assessment (No. 3).

The impact of the social development programmes in influencing practices related to marriage, divorce, desertion, dowry and domestic violence at ward, union and thana levels will be of particular interest for future programming. Work with the legal aid activity and the popular theater can also be documented qualitatively. Studies related to the participation and non-participation of women in IGVGDP, during its' various phases should be undertaken.

2. A Revised Gram Shobha and Polli Shomaj Style

Through a consultation process with selected members of the VO, the Gram Shobha and the Polli Shomaj it would be possible to develop a broad set of guidelines for suitable,

progressive discussions at group, ward, and union forums. The groups themselves should be asked to consider such questions as:

- how can credit and loan cycles be more effectively used to strengthen women's economic empowerment?
- what are the expectations of federations and how should they be utilized to enhance women's social empowerment?
- what means will be effective to stimulate strong women's groups and retain their interest over long periods?
- how can the interests of senior male guardians and elite village leaders best be utilized to improve the social and economic interests of poor people in the community?

As a pilot activity in areas with both mature and immature groups, a core of senior social personnel and trainers could undertake this task. The process could be similar to that used to develop the GQAL or the popular theater material, with alternate sessions of consultation, field trial, re-adjustment and repeated field trial. To deepen the process, a team of selected Polli Shomaj members and social-gender specialists may consider a study tour of federated women's groups in South Asia.

3. Strengthening the Front-Line Workers

In selected area offices, the PO staff dealing with the Gram Shobha and the Polli Shomaj should be women, who have been upgraded through training and coaching in advanced facilitation techniques and group development. The selected areas could include those that have become "Women's Area Offices" in locations programming mainly with vulnerable group women (see Gender, Recommendation No.4).

4. Improved Skills for Social Development Personnel

In their June 1998 response to the recommendation of the May 1998 Monitoring Mission, RDP senior managers indicate that they are considering ways to improve the facilitation skills of PO staff who work with the VOs and the Polli Shomaj. Based on the recent experiences of the up-graded training provided to the Sector/ Technical teams, a similar method could be considered as a means of upgrading the group facilitation and training skills of social development personnel. This method to improve staff skills could be combined with that suggested in No. 2 above.

5. Strengthening the Community Leaders Workshops

Special care needs to be provided to deliver sensitive, gender-related material to a community-wide audience of male village elite and religious leaders. To achieve depth without upsetting traditional sensitivities may require the consultation of an international gender-training specialist, with experience in the South Asian context. Such a training module would be a 'first' in Bangladesh and could be replicated for many organizations working to change attitudes towards women and the poor. The international specialist would work with a team of social-gender trainers. In this case, men will be most suitable for the front-line work.

Chapter 4 Social Programmes

Interaction between BRAC social programmes (essential health care, family planning, sanitation, legal rights etc) and government services. Comment on sustainability and subsidy issues.

4.1) RDP Collaboration in Health and Environmental Awareness

Under RDP, BRAC provides essential and reproductive health care to women and their families at village level. An examination of this programme will illustrate the characteristics of collaboration between BRAC and the Ministry of Health and Welfare and the Department of Health Engineering (DPHE).

Selected VO members are trained by BRAC's HPD medical staff in primary health care. Known as health volunteers, (Shastho Shebika), each trained village women is then assigned to deliver essential health services and supplies to 300 households (both non-VO and VO members) in a command area, within walking distance of her home. Under the supervision of a PO (EHC), all 40 health workers under an area office meet on a monthly basis to submit their treatment records, discuss problems and replenish their stock of medicine and supplies. On a routine basis, the RDP engages government doctors for the refresher training provided for the Shastho Shebika.

The goods carried by the Shastho Shebika includes a small range of curative medicine, birth control tablets, condoms, iodized salt, oral saline preparation, a home delivery kit, vegetable seeds and soap. These items are purchased from BRAC by the SS and sold to clients at a fixed price, consisting of cost plus a small profit for the health volunteer. She also motivates her clients to install sanitary latrines and tubewells and receives a set fee for the sale, installation and maintenance instructions provided for these items. The Shastho Shebika is not provided a salary but rather is compensated by the sale of medicine and supplies. Health volunteers interviewed at Jessore Sadar reported earning between tk 400 to 900 per month.

Without payment, the Shastho Shebika is responsible to motivate couples for family planning methods and motivate parents to have their children immunized and to be supplied with Vitamin A tablets when the government health worker conducts these campaigns in the village. In addition, the Shastho Shebika is trained to make home visits and to provide curative services for 10 common diseases, as well as refer serious cases and high risk mothers to government satellite clinics. She also assists the PO (EHC) to provide training on nutrition, sanitation and essential and reproductive health care for non-VO and VO members in the village-based Health Forum

Shastho Shebikas report good working relationships with the government's front line health workers – the Family Welfare Assistant (FWA) who is responsible for village

visits and the Family Welfare Visitor (FWV) who is stationed at the satellite clinics. In many instances this relationship consists of an exchange of services. For example the government health workers can count on the Shastho Shebikas to motivate clients for immunization, Vitamin A campaigns and family planning services. In many cases, women prefer to purchase their family planning supplies from the Shastho Shebikas because they can rely on the contraceptive pills to be within the expiry date and to be consistently supplied on a monthly basis. Village women need to maintain secrecy and prefers to purchase family planning supplies from the Shastho Shebika who cannot be identified as a family planning worker. In the absence of their working husbands, women also purchase condoms from the Shastho Shebika because of the convenient service at the door.

It is common knowledge that ordinary people who attend government clinics may have to wait all day to be treated and at the end of the day there is often no medicine available. Poor people cannot afford to waste their time. The Shastho Shebika utilizes her good relationship with staff to assure timely treatment for the patients and delivery cases which she refers to the satellite clinic.

In studies done by RED, one of the main reasons for drop-out of IGVGDP women is related to their lack of working and earning capacity because of illness or death of family members. The survival of such poor families balances on a thin, thin line. The ill health of a VO member, her husband or children can pull the family so far over the edge that they have no working power left. The RDP and WFP of course provide food aid for this very reason. However it would seem that neither the RDP nor government are able to provide the level of curative (and subsidized) health service necessary to keep these extremely poor women in the RDP. In looking at particular strategies for the hard core poor, intensive health care needs should be considered.

At an organizational level, the RDP's relationship with the DPHE consists of the provision of masonry training to VO members who are then self-employed to produce latrines for VO customers. From time to time, BRAC participates in a special sanitation programme with the DPHE, usually funded separately by the World Bank or other agencies. These one-off programmes have the advantage of increasing sanitation coverage but when the campaign has been completed, VO women have found problems in selling their latrines at the cost price of tk 600 when DPHE's subsidized price has been tk 400.

In environmental health, BRAC are currently participating in a pilot project with the DPHE to test tubewells for arsenic contamination and to experiment with measures to provide alternative safe drinking water. BRAC's contribution to this joint project is being provided by RED for experimental design and monitoring and by the Shastho Shebikas in carrying out the wide-scale testing and public education programme that is required.

4.ii) RDP Collaboration in Social Development Services

RDP's social development activities are centered on the HRLE training and on village meetings (Gram Shobhas), ward federation (Polli Shomaj), Community Leader Workshops and popular theater. There certainly is no competition for this market. Government departments provide none of these services designed to develop peoples' organizational forums.

The RDP provides a 30-day HRLR training to all VO members at the rate of tk. 10 per participant. This fee covers the monthly salary of tk 450 paid to the HRLE teacher who is a trained VO member. HRLE participants interviewed in Jessore and Faridpur were so enthusiastic about the power of their new knowledge that they felt the classes should be extended to other women throughout the village, who they insisted would be willing to pay for this training.

As the VO members have said, "What woman wouldn't pay tk 10 to have both their eyes opened"?

Participants in the HRLE training are asked to relate known cases of human rights abuse. In the meeting attended at Faridpur Sadar, the following story was discussed in relation to social actions that can be taken by VO members and their *Polli Shomaj* federation.

The RDP's participation with local Union Councils (a unit of the Local

Government Department) and with village decision-making groups (*shalish*) exposes community and religious leaders to patterns of good governance. The devolution of power to local government institutions is in itself a form of sustainability. The representation of VO members on the Union Council may eventually become an important means for poor people to create a demand for government departments to provide improved public services.

A Horrifically True - but Typical Story

A girl of 13 years was given in marriage, with the payment of tk. 5,000 as dowry (bride price). Once she had settled in her in-laws house, her husband demanded that his wife's family pay more dowry money. After six months and no longer able to endure the beating and abuse, the girl returned to her father's house to request him to pay an additional dowry of tk 10,000. The girl's family was poor; her father was unable to pay; the girl returned to her in-laws house without the dowry; the beating escalated to torture and within two weeks, the girl was dead by poisoning.

The girl's family was threatened with further violence and no police investigation, criminal case nor village *shalish* was ever conducted.

4.iii) Subsidy and Sustainability

Social services are subsidized or paid for with taxpayers money in most countries of the world. At present, the universal provision of health and education services in a country as poor as Bangladesh obviously cannot be sustained without either an improved tax base or a continuation of donor funds. RDP's programme is in no way a duplication of government services in health and education because the need is far greater than the supply. As the Executive Director points out (Daily Star, April 9/99), BRAC is ready to move to new areas with its' health and education programmes, as soon as government can alternatively provide these services.

However, poor people in the RDP programme choose to pay for essential health care services because it is of good quality and available where they need it. Similarly parents are willing to pay fees for their children in BRAC schools because they know their children are getting a good primary education.

Subsidy and sustainability issues are also linked to efficiency. Through the door-to-door motivation provided by the EHC workers, 90 percent of VO members' children are immunized in government clinics; a 10 percent increase on the immunization of children whose parents are not particularly exposed to motivation messages.

Recommendations

4.1 The Need for Donor Subsidy on Health, Education and Social Programmes

BRAC's health, education and social programmes have all made steps towards the payment of goods and services by their clients, students and VO members. Nevertheless when one considers the infrastructure provided by BRAC to effectively deliver these services, it becomes evident that some degree of subsidy will be required to maintain service at this level. In the absence of an effective tax system in Bangladesh, donor funding should provide such subsidies.

Although RDP IV intends to be financially self-sufficient upon completion, it is unreasonable to expect that solvent VO members will be willing, or indeed able to finance health, education and social services for the hard core poor. BRAC and the donor community may wish to play something of a 'Robin Hood role' for particularly vulnerable areas of the country.

For example, donors could choose to pay for all tubewells and sanitary latrines provided in the RDP. Although VO members should certainly continue to pay a portion of the cost of latrines and tubewells, the surplus of such funding could then be invested in the provision of intensive health services for women in the IGVGDP program. For these very poor women, donors could also consider paying the first three years premium on health care insurance - a program that is under-consideration in BRAC.

In discussions with participants at the Local Leaders Workshop in Jhenidah, it became evident that there is great public concern on the issues of violence against women. One Union Council Chairman reported that he had taken many actions on cases of early marriage, multiple marriage and illegal divorce. He wanted trained RDP workers and HRLE teachers to conduct a wide-spread public education campaign in several unions, identified as being particular notorious for human right abuses. When asked if he had any funds for such training, the Chairman replied that government funding at the Union Council level is almost entirely designated to build roads and bridges. If the RDP IV were to consider extending this valuable HRLE training to the general public, they would certainly require donor funding.

4.2 Geared Up TBA Training for the *Shastho Shebikas*

The *Shastho Shebika* is a local woman, who can move freely in her own area and is well accepted by women she knows as group members and neighbours. The health volunteers interviewed in Jessore Sadar reported that they are frequently requested to carry out home deliveries because of the trust they developed with women in the area and their proximity at the time of delivery. Although the *Shastho Shebikas* have a sound knowledge of cleanliness and can provide home delivery kits, they have not received full training as traditional birth attendants (TBAs). The EHC unit could speed up their plans to provide the *Shastho Shebikas* with TBA training in selected thanas of the RDP. This will be particularly important in areas where the IGVGDP programs are located.

Chapter 5 NGO Partners of BRAC

ToR

Review progress in improving and managing relations with smaller NGOs, including BRAC support to other NGOs, and relations in the field where BRAC operates in parallel to other local smaller scale activities.

Background

Within RDP IV, BRAC has committed to assist a number of NGO partners to develop their capacity to develop and implement credit and social development programmes in areas where BRAC has an established RDP Area Office.

BRAC will assist these NGO partners to develop their programmes in the thanas and/or unions where BRAC RDP programming does not extend. For example, a typical thana would have 10-12 unions and RDP may be active in 6-8 unions in the thana. Other NGOs that work in the remaining unions and demonstrate a capacity to deliver effective programs may be assisted by BRAC to enhance the effectiveness of their programs and thus expand the impact of credit and social development programs on the poor.

The last review of BRAC NGO relations was undertaken at the time of the 1994 annual monitoring mission, at the time of RDP III. At the time, the context for the review of BRAC NGO relations, was one of donor concern that BRAC as a rapidly growing organization was sometimes, and in some places, less than respectful of smaller NGOs.

In expanding into a new thana, BRAC would perhaps fail to consult adequately with existing smaller NGOs. This has led to a perception by some that BRAC acted like a "steam roller".

The 1994 Monitoring Mission encouraged BRAC to develop a strategy and actions to improve consultation with NGOs at the national and thana level. A recommendation to establish a thana level NGO coordinating committee was presented in the report.

BRAC recognized this as an issue and noted in the RDP IV proposal that BRAC may have become arrogant in its relations with smaller NGOs. The proposal to improve and expand BRAC NGO relations in RDP IV arose partly from this context.

5.i) Objectives of the NGO partnership program for RDP IV:

BRAC has established the following objectives for the NGO collaboration program component of RDP IV:

- a) expand the outreach of RDP,
- b) establish and develop relationships with NGOs,
- c) develop the expertise of small and medium NGOs,
- d) avoid duplication of activities and coordinate activities,
- e) provide financial assistance to smaller NGOs for their credit and savings programs,

An NGO cooperation unit has been established and is situated in the Training Division of BRAC.

Selection criteria for supporting partner NGOs

BRAC uses the following criteria to select NGOs to be eligible for assistance:

- . the partner should be working in a BRAC -RDP area,
- . the NGO must be registered with GOB,
- . the NGO is not yet associated with PKSF and has own capital of more than TK 300,000 (US\$ 6,000),
- . it must be a local organization with Village Organizations,
- . it must be involved in credit activities.

The partner NGOs are normally identified at the Area Office level . An NGO applies to the area office manager (AM) and the AM and regional manager (RM) approve the application. The final approval is made by a selection board, chaired by the Deputy Executive Director (I), and composed of senior BRAC management at DED or Director level together with the NGO Collaboration Unit.

BRAC also stated to the MTR that the area offices look for smaller NGOs involved in innovative or experimental programming from which BRAC may be able to learn.

A Summary of Current Program Elements

In the majority of cases, BRAC will provide credit and capacity development, as training, to partner NGOs that qualify for assistance.

BRAC provides partners with training in general management, (management development course of 2 weeks duration), accounts management and savings/credit

management, (6 days each) delivered at BRAC CDM and a Training and Resource Centre (TARC) respectively;

In addition BRAC may provide technical and logistical support and information exchange.

Table 5.1
Present Status of Activities to June 1999

Particulars	Up to Dec 1998	January- June 1999		At June 1999
		Target	Achievement	
# of NGOs receiving credit	34	15	17	51
Funds disbursed (Taka million)	9.8	10	9.6	19.4

Source: BRAC NGO Cooperation Unit

BRAC staff visit the partner NGO bi- monthly to monitor and strengthen as necessary operational areas such as the group meetings, savings and loan realization, accounts and bookkeeping and an organizational workplan.

RDP IV workplan states that BRAC will assist 100 NGOs by the end of RDP IV. This would mean the selection of 49 new partners in next 18 months, which would be at the pace of last six months. BRAC is confident that it can achieve the quantitative expansion within RDP IV, but also recognizes that quantitative growth should not come at the cost of quality partners.

In the future orientation BRAC is considering to add a water and sanitation program with partners through the use of an RLF and to assist partners to implement IGAs via sector programs.

Field Visit

The MTR met with the following NGOs in Jessore:

- . Gono-Gagoron Samaj Kalyan Sangstha (GSKS)
- . Welfare Efforts
- . Socio Economic Development Assisting Centre (SEDAC)
- . Jana Kollyan Sangstha JACOS
- . Rural Organisation for Voluntary Activities (ROVA)
- . IDEAL
- . Coastal Resource Centre
- . Social Organisation for Non Income and Landless People (SONPIL)
- . JANASHEBA
- . Development Action Committee (DAC)
- . ATMABISWAS

A Profile of Partner NGOs

The following summary profile is based on a limited sample of partner NGOs visited or interviewed in Jessore district during the MTR mission. It is intended to provide donors with a "feel" for the type of partner NGO BRAC is assisting.

- Usually founded, managed and led by one person acting as an Executive Director
- Small staff with 10-15 field staff and 3-5 head office personnel
- A relatively new organisation, which has been founded in the 1990s
- Programming is oriented to poverty alleviation through social development activities and credit and savings
- Target group is rural women living in poverty and may be the more destitute women in the thana who do not have access to other NGO programming
- Small outreach: 1000-3000 members formed in groups and ½ are active borrowers
- Locality of activities is proximate to BRAC RDP office coverage but may be in more remote unions or those not covered by BRAC (or other NGOs according to the replies of partner NGOs)
- The organization works in only 2-3 thanas in total

- Has a credit program and other IGA or social development activity although programs are not as comprehensive as BRAC
- Credit is similar to BRAC methodology: group based lending with individual responsibility
- Average loan size 2500-4000 with one year term and 15% flat service charges
- MIS is rudimentary and knowledge of loan portfolio and requisite financial data and ratios weak
- Some NGOs have arisen from a strong technical background in environmental issues or social issues but generally appear to be lacking technical background
- Draw financial support from a variety of sources: NGO Forum on Drinking Water and Sanitation, FEMA (human rights and election monitoring).

Issues raised by NGO representatives

A roundtable workshop discussion was held with the directors of 11 partner NGOs in the Jessore region during the MTR. The following is a summary of the key points raised at this forum:

Strong support to BRAC for assistance, credit for loan program and training in credit management, accounts management and development management;

Want more financial support to grow their loan program and for BRAC to extend the repayment period because they face liquidity problem either due to excess demand for credit from group members or due to slow repayments when credit program starts;

Prefer BRAC credit terms and conditions to PKSf which they view as too difficult; (this poses a problem for BRAC perhaps if an objective of the program is to help partners graduate to PKSf status) ;

Prefer BRAC more generally to PKSf because BRAC has social development mandate;

Need additional training:

- management level for capacity building, strategic planning
- field worker level for savings and credit
- group member level for IGAs
- technical training and support for sector programs
- technical training for savings and credit programs
- training in MIS development

want more contact with BRAC and for a longer period of time in order to continue learning from BRAC.

want support to pay for transportation

Findings

- Partner NGO often depends on one person, the Executive Director
- There is a lack of technical expertise in credit or sector areas
- There is often weak MIS eg manual record keeping of credit data
- Partner NGOs are often dependent on external donor funding....sustainability without BRAC and others must be questioned

Given the above findings it is timely for BRAC to consider an appropriate strategy to develop the NGO collaboration program.

STRATEGIC OPTIONS

It is not too early for BRAC to begin thinking about the future of the NGO Partnership program and in fact the BRAC Steering Committee for NGO relations has been doing this.

Several issues should be reviewed by BRAC before the end of the current phase of support. These include:

Capacity Development of Partner NGOs

BRAC may wish to extend its support to fewer NGOs, for a longer duration and think more in terms of the capacity development and organisational sustainability of the partner organisations. This would imply a longer and deeper relationship with fewer partner NGOs. The MTR recognizes the difficulties this poses for RDP in that many NGOs may have to be turned down or their current support terminated. In the field this poses difficulties of managing relationships and potential harassment of BRAC.

An Exit Strategy for BRAC

BRAC support is finite in terms of finance and duration. BRAC should establish some strategy to allow it to disengage from supporting NGOs along the current lines. The precise time of this disengagement may be well off into the future, but BRAC should be clear as to how it wishes to disengage.

This exit strategy could cover a variety of options and issues:

- . the issues regarding possible graduation to PKSf; what are the implications for BRAC given that many partner NGOs do not wish to graduate to PKSf funding;
- . the possible handing over of some partners to a different NGO support network...for example South Asia Partnership (SAP), or PRIP Trust could be a viable exit strategy for BRAC;

Conclusions/Recommendation

- partner NGOs are fledgling, incipient organizations; BRAC support is well respected and highly regarded by the partners;
- partner NGOs require more training and capacity building from BRAC eg for field level staff, for sector programmes, for financial management and accounting;
- BRAC could give partners a more comprehensive training program with perhaps less attention to financing per se as PKSf has funds; and arguably a goal of the program could be to get these partners to PKSf "bankable status";
- BRAC is encouraged to develop a strategy paper covering future support for partner NGOs which addresses issues and options such as the duration and nature of BRAC support and possible exit strategies for BRAC from NGO support.

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- | | |
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Terms of Reference

BRAC RURAL DEVELOPMENT PROGRAMME (RDP) PHASE IV
Terms of Reference for a
Mid Term Review

FINAL on 8th June 1999

1. The consultants will provide the following services to BRAC and to members of the BRAC RDP DC in Bangladesh.

Background

2. BRAC's Rural Development Programme was established in 1986 through the integration of the Rural Credit Training and Outreach Projects. The RDP has sought to help functionally landless poor people, with emphasis on poor women, to improve their quality of life through social empowerment and improved employment and income generating opportunities. Successive phases of the RDP have expanded national coverage of the programme to the present day involvement of approximately 2m poor households.
3. The RDP has 4 main types of activity: **institution building** including training; **credit operations**; promotion of **income and employment generation**; and **support services** (basic health, rights awareness, support for destitute women and support for grass roots NGOs).
4. Phase IV is a \$115m programme using 53% internal funds, and 47% donor finance. \$54.3m is channelled through a Donor Consortium comprising AKF, CIDA, DFID, EC, NOVIB, and WFP (through links with GoB's VGD). RDP IV began in January 1996 and ends in December 2000.
5. The purpose of RDP IV is that the socio-economic position of participating households is improved. The outputs in support of this are:
 - Functioning Village organisations
 - Self sustaining credit systems
 - Income and employment generated
 - Members know about legal and human rights and use the knowledge
 - Members' health improved
 - Destitute women assisted
 - BRAC management strengthened and
 - Small NGOs supported.
6. Indicators of achievement have been set in the programme logical framework, and monitoring data, progress reports, annual reports, activity reviews and impact

assessment data are available in varying levels of comprehensiveness for most areas of the programme.

Terms of Reference for a
Mid Term Review

Final on 31st June 2005

The consultants will provide the following services to BRAC and to workers of the BRAC ROP DDA Bangladesh:

Background

BRAC's Rural Development Programme was established in 1982 through the integration of the Rural Credit, Training and Outreach Project. The ROP has sought to help its formerly landless poor people with education to gain access to income generating opportunities, sustainable employment and income security in the private sector. BRAC's ROP has been successful in providing the programme to the poorest of the poorest of Bangladesh. The ROP has been successful in providing the programme to the poorest of the poorest of Bangladesh.

The ROP has a long history of success in providing training, credit, and other services to its members and employees. The ROP has been successful in providing the programme to the poorest of the poorest of Bangladesh. The ROP has been successful in providing the programme to the poorest of the poorest of Bangladesh.

The ROP is a 501(c)(3) organization with 100% ownership by its members. The ROP is a 501(c)(3) organization with 100% ownership by its members. The ROP is a 501(c)(3) organization with 100% ownership by its members.

The purpose of the ROP is to provide economic benefits to its members. The purpose of the ROP is to provide economic benefits to its members. The purpose of the ROP is to provide economic benefits to its members.

- Providing Village Organizations
- Self-employment credit systems
- Income and employment generation
- Members receive credit, legal and financial rights and use the knowledge
- Members' needs are addressed
- Gender issues are addressed
- BRAC management strengthened and
- BRAC NGOs supported

The ROP is a 501(c)(3) organization with 100% ownership by its members. The ROP is a 501(c)(3) organization with 100% ownership by its members. The ROP is a 501(c)(3) organization with 100% ownership by its members.

Overall Objective

7. The objective of this consultancy is to assess overall progress toward achieving project outputs and of prospects for the outputs to achieve the stated purpose of RDP Phase IV. BRAC senior management and donor organisations funding the programme will use the results and recommendations of this "output to purpose" review (OPR) to jointly agree refined project inputs where appropriate, in order to maximise potential for achievement of the project purpose within the existing programme budget and timetable.
8. The review may also identify issues of importance for BRAC's future development (post-RDP IV). Donor partners are interested in any emerging ideas from BRAC on potential areas of future co-operation.

Scope of Work

9. The consultants will review existing documentation on aspects of programme methodology, progress, potential impact and sustainability; and clarify facts and understanding through field visits and discussions with BRAC members and staff. More detailed examination of key components which have not previously been examined will also be included.
10. Consultants will analyse their findings and make recommendations for adjustment to Phase IV inputs and methodologies in order to improve the potential for the project to achieve its purpose by December 2000. The Consultants should note targets which seem unlikely to be met within this period or whether there are likely to be critical issues in need of further support following the completion of this project phase if impact is to be sustained. Sustainability is a key theme running throughout the specific terms of reference outlined here.
11. The consultants will address the following specific terms of reference:

i) The poverty profile of BRAC's members, poverty trends and outreach to the poorest

Review data and studies on trends in the poverty profile of BRAC's membership, including any indications of those groups commonly included or excluded, those benefiting to greater or lesser extents. Review the methods used by BRAC for integrating the poorest into RDP groups, in particular whether the intended graduation of IGVGD women into RDP is likely to be successful. Some analysis of drop-outs will be important (amongst IGVGD members; IGVGD graduates into RDP; and RDP members overall). Are BRAC's various products appropriate and accessible to poorer groups? Assess potential for further innovation (eg. diversification of activities other than poultry; savings products), particularly in light of BRAC's concern to develop more approaches to meet the needs of the extreme poor.

ii) Sustainability of credit operations.

Impact of flood, progress toward sustainability. Experience of MELA programme. Review recent innovation in savings products and practices, and BRAC plans to extend quantitative and qualitative access to members.

iii) Gender

Review progress in implementing different aspects of BRAC's March 1998 Gender Policy (both "programme" and "staff" related initiatives), and suggest short and medium term priorities for the programme.

iv) Effectiveness and sustainability of sector programmes

Consider progress in implementing the recommendations of recent sector programme reviews, and general appropriateness and effectiveness of the sector programmes in contributing to employment, income generation and other social objectives, particularly gender and equity. Review the prospects for sustainability of sectoral programmes, for example through cost recovery mechanisms. ****Review the extent to which economically active VO members are solely/mainly dependant on BRAC inputs. Does subsidy give BRAC an unfair advantage over other suppliers.***

****This amendment was agreed to by BRAC/Donors at the May 3rd 1999 RDP DCM.***

Identify any areas of concern, and advise on potential priorities for technical assistance in the short and medium term.

v) Progress in improving and managing relations with smaller NGOs,

Including both BRAC support to other NGOs, and relations in the field where BRAC operates in parallel to other local smaller scale initiatives.

vi) Trends in BRAC - membership relationships and organisation.

Review functioning and development of Village Organisations, and particularly progress on past recommendations (eg. May 1998 Monitoring Mission) on supporting VO federations which can enhance members' participation in local affairs and access to resources. In addition, assess changing relations between BRAC and its members in terms of the increasing emphasis on viable business development, "privatisation", and commercial sustainability (issues surrounding members as beneficiaries, members, clients, shareholders?). Also consider any key accountability issues arising from the above review.

vii) Social programmes

Interaction between BRAC social programmes (essential health care, family planning, sanitation, legal rights etc) and government services. Comment on sustainability and subsidy issues.

Expected Outcome and Deliverables

12. The consultant team leader will co-ordinate the team inputs and prepare a report identifying overall progress, specific achievements and problems, together with recommendations for improving achievement of the project purpose. The report should relate to the logical framework as closely as possible. The report must include an executive summary setting out the main conclusions and all recommendations.

13. Before departure the consultants will present their draft findings to BRAC and the Donor Consortium. A short aide memoire outlining the report findings will be produced for this meeting.

14. Consultants will complete their components of the final report before departure from the country. The team leader will remain for a further three days to complete the report and leave this final report with the BRAC DLO before departure.

Competencies and Expertise Required

15. A team of 3 consultants will be appointed with the following core competencies:

a) Institutional development specialist/Team Leader (1)

Experience of project design, implementation and appraisal and in particular in the development and management of NGO institutional development. Excellent drafting and communication skills. Experience of BRAC desirable.

b) Social development specialist (1)

Experience in the analysis of poverty and the social impact of NGO rural development programmes, gender analysis skills, natural resource and non-farm income generation approaches. Understanding of collective organisation and activities at grass-roots. Experience of both large and small NGOs. Knowledge of social programmes (health, etc). Particular experience in the development of monitoring and evaluation of rural development initiatives is essential.

c) Micro-finance and non farm enterprise specialist (1)

Ability to cover technical aspects of a number of BRAC's sector programmes.
Experience with assessing enterprise viability and risk; appropriateness of technical and financial support approaches, and cost recovery or subsidy mechanisms and requirements. Sensitivity to poverty and gender dimensions of sectoral support programmes.

Conduct of the Work

16. It is expected that each of the consultants will be required to spend up to 24 days in Bangladesh. The Team Leader will be given three additional days to collate and finalise the report.

17. The consultants will work from the BRAC Headquarters office in Dhaka, and will work jointly with the Deputy Executive Director responsible for RDP and with senior RDP programme staff in HQ and in the field. The team will be required to work closely together to produce a cohesive, integrated report supported by thematic or technical annexes as necessary. The consultants may also make use of support facilities in the BRAC donor liaison office.

MTR Teams' comments on the TOR. 8/6/99

DLO COPY

20/7/99

given out by the
MTR at the Briefing Session
on the 20/7/99.

MTR CONSULTANT TEAM INITIAL BRIEFING WITH DC
JULY 20 1999

To be read in conjunction with TOR- 8/6/99

BRAC RURAL DEVELOPMENT PROGRAMME (RDP) PHASE IV
Terms of Reference for a
Mid Term Review

FINAL on 8th June 1999

1. The consultants will provide the following services to BRAC and to members of the BRAC RDP DC in Bangladesh.....

Scope of Work

9. The consultants will review existing documentation on aspects of programme methodology, progress, potential impact and sustainability; and clarify facts and understanding through field visits and discussions with BRAC members and staff. More detailed examination of key components which have not previously been examined will also be included.
10. Consultants will analyse their findings and make recommendations for adjustment to Phase IV inputs and methodologies in order to improve the potential for the project to achieve its purpose by December 2000. The Consultants should note targets which seem unlikely to be met within this period or whether there are likely to be critical issues in need of further support following the completion of this project phase if impact is to be sustained. Sustainability is a key theme running throughout the specific terms of reference outlined here.
11. The consultants will address the following specific terms of reference:

i) The poverty profile of BRAC's members, poverty trends and outreach to the poorest (RY responsible)

Review data and studies on trends in the poverty profile of BRAC's membership, including any indications of those groups commonly included or excluded, those benefiting to greater or lesser extents. Review the methods used by BRAC for integrating the poorest into RDP groups, in particular whether the intended graduation of IGVGD women into RDP is likely to be successful. Some analysis of drop-outs will be important (amongst IGVGD members; IGVGD graduates

into RDP; and RDP members overall). Are BRAC's various products appropriate and accessible to poorer groups? Assess potential for further innovation (eg. diversification of activities other than poultry; savings products), particularly in light of BRAC's concern to develop more approaches to meet the needs of the extreme poor.

Consultants assume this TOR refers to a review of the target groups and BRAC's success in reaching the poorest. Consultants will review BRAC's indicators and monitoring of target groups and note where strengthening may be required.

There may be an issue of the implications of more costly program approaches in targeting the poorest for BRAC sustainability.

ii) Sustainability of credit operations. (SP responsible)

Impact of flood, progress toward sustainability. Experience of MELA programme. Review recent innovation in savings products and practices, and BRAC plans to extend quantitative and qualitative access to members.

What is the DC current concern with flood impact?

DC to clarify meaning of "BRAC plans to extend quantitative and qualitative access to members"

iii) Gender (CE responsible)

Review progress in implementing different aspects of BRAC's March 1998 Gender Policy (both "programme" and "staff" related initiatives), and suggest short and medium term priorities for the programme.

Any particular concerns for DC?

iv) Effectiveness and sustainability of sector programmes (SP responsible)

Consider progress in implementing the recommendations of recent sector programme reviews, and general appropriateness and effectiveness of the sector programmes in contributing to employment, income generation and other social objectives, particularly gender and equity. Review the prospects for sustainability of sectoral programmes, for example through cost recovery mechanisms. *Review the extent to which economically active VO members are solely/mainly dependant on BRAC inputs. Does subsidy give BRAC an unfair advantage over other suppliers.

***This amendment was agreed to by BRAC/Donors at the May 3rd 1999 RDP DCM.**

Identify any areas of concern, and advise on potential priorities for technical assistance in the short and medium term.

Consultants interpret the TOR to mean a focus on the contribution of sector programmes to employment, income generation, and other social objectives particularly, gender and equity. Consultants will review documents available.

v) Progress in improving and managing relations with smaller NGOs, (RY responsible)

Including both BRAC support to other NGOs, and relations in the field where BRAC operates in parallel to other local smaller scale initiatives.

Why is this topic included for the MTR?

vi) Trends in BRAC - membership relationships and organisation, (CE/RV responsible)

Review functioning and development of Village Organisations, and particularly progress on past recommendations (eg. May 1998 Monitoring Mission) on supporting VO federations which can enhance members' participation in local affairs and access to resources. In addition, assess changing relations between BRAC and its members in terms of the increasing emphasis on viable business development, "privatisation", and commercial sustainability (issues surrounding members as beneficiaries, members, clients, shareholders?). Also consider any key accountability issues arising from the above review.

DC to clarify "assess changing relations between BRAC and its members in terms of the increasing emphasis on viable business development, privatisation, and commercial sustainability (issues surrounding members as beneficiaries, members clients, shareholders")

DC to clarify "consider any key accountability issues "

vii) Social programmes (CE responsible)

Interaction between BRAC social programmes (essential health care, family planning, sanitation, legal rights etc) and government services. Comment on sustainability and subsidy issues.

Consultants will characterize BRAC GOB relations in the delivery of BRAC social programmes and summarise BRAC views on the future evolution of these relations.

DC to clarify sustainability and subsidy issue why included?

Expected Outcome and Deliverables

12 The consultant team leader will co-ordinate the team inputs and prepare a report identifying overall progress, specific achievements and problems, together with recommendations for improving achievement of the project purpose. The report should relate to the logical framework as closely as possible. The report must include an executive summary setting out the main conclusions and all recommendations.

13 Before departure the consultants will present their draft findings to BRAC and the Donor Consortium. A short aide memoire outlining the report findings will be produced for this meeting.

14 Consultants will complete their components of the final report before departure from the country. The team leader will remain for a further three days to complete the report and leave this final report with the BRAC DLO before departure.

ANNEXURE 1

Financial Plan For Fund Requirement
July 1999-June 2000
File name: CREDIT PLAN FOR MTR 99

	TOTAL July 1999 to June 2000	TOTAL July 2000 to June 2001	TOTAL July 2001 to June 2002	TOTAL July 2002 to June 2003
A.No of VO member				
A.1 Vo member	3,011,749	3,311,749	3,611,749	3,891,749
A.2 New VO Members	300,000	300,000	280,000	250,000
Total VO Member	3,311,749	3,611,749	3,891,749	4,141,749
B. No of Borrower				
B.1 No of Borrower	2,213,528	2,649,399	2,889,399	3,113,399
B.2 New VO Members	435,871	240,000	224,000	200,000
Total Borrower	2,649,399	2,889,399	3,113,399	3,313,399
C. Average loan size(Tk.)	5,500	6,200	7,000	7,900
D.Disbursement (Old Borrower)	14,571,695,600	17,914,275,040	21,793,794,400	26,175,853,680
E.Beginning outstanding	6,380,000,000	8,530,150,471	10,521,201,509	12,806,863,220
F.Inter project Transfer	-	-	-	-
Total	20,951,695,600	26,444,425,511	32,314,995,909	38,982,716,900
G.Loan Recovery(Tk.)				
G.1 Recovery from Beginning balance(Outs)	6,061,000,000	8,103,642,947	9,995,141,433	12,166,520,059
G.2 Recovery from Current Disbursement	6,360,545,129	7,819,581,055	9,512,991,256	11,425,760,131
Total Recovery	12,421,545,129	15,923,224,002	19,508,132,689	23,592,280,190
H Closing Loan outstanding	8,530,150,471	10,521,201,509	12,806,863,220	15,390,436,710
I.Savings mobilisation(Tk)				
I.1 Beginning balance	2,480,760,011	2,889,040,506	3,923,237,915	5,153,904,752
I.2 Inter Project transfer	-	-	-	-
I.3 Voluntary Savings	607,055,808	830,819,760	1,050,489,720	1,285,359,660
I.4 Forced Savings	728,584,780	895,713,752	1,089,689,720	1,308,792,684
Total savings	3,816,400,599	4,615,574,018	6,063,417,355	7,748,057,116
I.5 Withdrawal	572,460,090	692,336,103	909,512,603	1,162,208,567
I.4 Net Savings	2,889,040,506	3,923,237,915	5,153,904,752	6,585,848,548
J.Income and Cost(Tk)				
J.1 Interest Income	1,938,319,561	2,476,675,757	3,032,648,415	3,665,648,991
J.2 Operating Expenses	1,020,018,692	1,253,999,253	1,525,565,608	1,832,309,758
J.3 Loan loss Provision	291,433,912	358,285,501	435,875,888	523,517,074
J.4 Cost of fund				
J.4.1 Interest on Savings (6%)	161,094,015	204,368,353	272,314,280	352,192,589
J.4.2 Interest on Loan fund(5%)	238,508,749	305,976,839	356,273,052	411,438,666
Total Cost	1,711,055,368	2,122,629,945	2,590,028,828	3,119,458,096
Surplus/(Deficit)	227,264,193	354,045,812	442,619,587	546,190,895
K. Opening balance of fund(Tk)	304,991,503			
L.Assumption	July 1999 to June 2000	July 2000 to June 2001	July 2001 to June 2002	July 2002 to June 2003
L.1 On time Loan recovery (Beginning Outstanding)	95%	95%	95%	95%
L.2 On time Loan recovery (Current Loan)	97%	97%	97%	97%
L.3 Voluntary Savings (Per Year) Tk.	240	300	350	400
L.4 Withdrawal (% of Total savings)	15%	15%	15%	15%
L.5 Yield (as % of Outstanding)	26%	26%	26%	26%
L.6 Savings of RCP utilised for Loan disbursement				
L.7 Loan loss Provision	2%	2%	2%	2%

TOTAL
July 2003
to June 2004
4,141,749
225,000
4,366,749
3,313,399
180,000
3,493,399
9,000
31,440,592,800
15,390,436,710
46,831,029,510
14,620,914,874
13,723,818,757
28,344,733,631
18,466,295,878
6,565,848,548
1,531,529,640
1,572,029,640
9,689,407,828
1,453,411,174
8,235,998,654
2,200,541,496
444,655,356
476,372,185
3,121,869,037
(3,121,869,037)
July 2003
to June 2004
95%
97%
450
15%
26%
2%

Financial Plan For Fund Requirement

July 1999-June 2000

File name: CREDIT PLAN EXC. NEW MEMBER MTR 99

	TOTAL July 1999 to June 2000	TOTAL July 2000 to June 2001	TOTAL July 2001 to June 2002	TOTAL July 2002 to June 2003	TOTAL July 2003 to June 2004
A. No of VO member					
A.1 Vo member	3,011,749	3,011,749	3,011,749	3,011,749	3,011,749
A.2 New VO Members	-	-	-	-	-
Total VO Member	3,011,749	3,011,749	3,011,749	3,011,749	3,011,749
B. No of Borrower					
B.1 No of Borrower	2,213,528	2,409,399	2,409,399	2,409,399	2,409,399
B.2 New VO Members	195,871	-	-	-	-
Total Borrower	2,409,399	2,409,399	2,409,399	2,409,399	2,409,399
C. Average loan size(Tk.)	5,500	6,200	7,130	8,200	9,400
D. Disbursement (Old Borrower)	13,251,695,600	14,938,275,040	17,179,016,296	19,757,073,440	22,648,352,480
E. Beginning outstanding	6,380,000,000	7,786,330,471	8,807,034,509	10,120,727,408	11,639,147,254
F. Inter project Transfer	-	-	-	-	-
Total	19,631,695,600	22,724,605,511	25,986,050,805	29,877,800,848	34,287,499,734
G. Loan Recovery(Tk.)					
G.1 Recovery from Beginning balance(Outstanding)	6,061,000,000	7,397,013,947	8,366,682,783	9,614,691,036	11,057,189,891
G.2 Recovery from Current Disbursement	5,784,365,129	6,520,557,055	7,498,640,613	8,623,962,557	9,886,005,858
Total Recovery	11,845,365,129	13,917,571,002	15,865,323,396	18,238,653,594	20,943,195,749
H. Closing Loan outstanding	7,786,330,471	8,807,034,509	10,120,727,408	11,639,147,254	13,344,303,985
I. Savings mobilisation(Tk.)					
I.1 Begining balance	2,480,760,011	3,003,584,772	3,904,720,007	4,909,275,713	6,036,554,637
I.2 Inter Project transfer	-	-	-	-	-
I.3 Voluntary Savings	722,819,760	843,289,720	1,011,947,664	1,204,699,600	1,445,639,520
I.4 Forced Savings	662,584,780	746,913,752	858,950,815	987,853,672	1,132,417,624
Total savings	3,866,164,551	4,593,788,244	5,775,618,486	7,101,828,985	8,614,611,781
I.5 Withdrawal	579,924,683	689,068,237	866,342,773	1,065,274,348	1,292,191,767
I.4 Net Savings	3,003,584,772	3,904,720,007	4,909,275,713	6,036,554,637	7,322,420,014
J. Income and Cost(Tk.)					
J.1 Interest income	1,841,622,961	2,157,137,447	2,460,609,049	2,828,783,706	3,247,848,661
J.2 Operating Expenses	927,618,692	1,045,679,253	1,202,531,141	1,382,995,141	1,585,384,674
J.3 Loan loss Provision	265,033,912	298,765,501	343,580,326	395,141,469	452,967,050
J.4 Cost of fund					
J.4.1 Interest on Savings (6%)	164,530,343	207,249,143	264,419,872	328,374,911	400,769,240
J.4.2 Interest on Loan fund(5%)	217,049,642	242,126,505	252,844,155	270,351,108	290,611,915
Total Cost	1,574,232,590	1,793,820,402	2,063,375,493	2,376,862,628	2,729,732,877
Surplus/(Deficit)	267,390,372	363,317,045	397,233,556	451,921,078	518,115,784
K. Opening balance of fund(Tk.)	304,991,503				
L. Assumption	July 1999 to June 2000	July 2000 to June 2001	July 2001 to June 2002	July 2002 to June 2003	July 2003 to June 2004
L.1 On line Loan recovery (Beginning Outstanding)	95%	95%	95%	95%	95%
L.2 On line Loan recovery (Current Loan)	97%	97%	97%	97%	97%
L.3 Voluntary Savings (Per Year) Tk.	300	350	420	500	600
L.4 Withdrawal (% of Total savings)	15%	15%	15%	15%	15%
L.5 Yield (as % of Outstanding)	26%	26%	26%	26%	26%
L.6 Savings of RCP utilised for Loan disbursement					
L.7 Loan loss Provision	2%	2%	2%	2%	2%

BRAC's Credit Program
Fund Requirement
File name: CREDIT PLAN EXC. NEW MEMBER MTR 99

	Total July 1999 to June 2000	Total July 2000 to June 2001	Total July 2001 to June 2002	Total July 2002 to June 2003	Total July 2003 to June 2004
A. CASH OUT FLOW					
A.1 Loan Disbursement	13,251,695,600	14,938,275,040	17,179,016,296	19,757,073,440	22,648,352,480
A.2 Savings Withdrawal	579,924,683	689,068,237	866,342,773	1,065,274,348	1,292,191,767
A.3 Credit Program Expenses	1,574,232,590	1,793,820,402	2,063,375,493	2,376,862,628	2,729,732,877
Total outflow of fund	15,405,852,872	17,421,163,679	20,108,734,562	23,199,210,416	26,670,277,125
B. CASH INFLOW					
B.1 Opening balance of fund	304,991,503	-	-	-	-
B.2 Loan recovery	11,845,365,129	13,917,571,002	15,865,323,396	18,238,653,594	20,943,195,749
B.3 Savings mobilisation	1,385,404,540	1,590,203,472	1,870,898,479	2,192,553,272	2,578,057,144
B.4 Service Charge earned	1,841,622,951	2,157,137,447	2,460,609,049	2,828,783,705	3,247,848,661
Total inflow of fund	15,377,384,134	17,664,911,921	20,196,830,924	23,259,990,572	26,769,101,554
Net requirement	28,468,739	(243,748,243)	(88,096,362)	(60,780,157)	(98,824,429)

BRAC
Rural Development Program
Quarter Target Set for and Achievement Made in 1999

Area : Jessore Sadar

Components	Particulars	Cumulative position '98	Target set for 1999	Quarter wise target set for and achievement made in 1999							
				1st Quarter		2 nd Quarter		3rd Quarter		4th Quarter	
				T	A	T	A	T	A	T	A
Poultry & Livestock	No. of Beneficiaries	963	612	150	130	160	120	160		142	
	Supply of chick to rearing units	62811	30000	7500	5700	7500	6400	7500		7500	
	Poultry vaccination (Dose)	693700	180000	45000	39700	45000	48600	45000		45000	
	Cattle vaccination (Dose)	--	30000	7500	4500	7500	7800	7500		7500	
	Sale of poultry & livestock med Tk	45469	120000	30000	16830	30000	15955	30000		30000	
	Realization of service charge	41426	29000	7250	5500	7250	6610	7250		7250	
Agriculture & Social Forestry	No. of vegetable growers	205	7000	200	125	--	155	500		--	
	Vegetable acreage	69.75	124	40	15	--	11	84		--	
Forestry	Maize acreage	10.5	10	--	7	--	9	--		10	
	No. of CDP farmers	03	115	30	45	30	40	30		25	
	No. of nursery	16	09	03	06	03	02	03		--	
	No. of seedling production	299300	250000	62500	85000	62500	130000	62500		62500	
	No. of Agro forestry farmer	--	--	--	--	--	--	--		--	
	Realization of service charge	39542	100000	24000	8710	20000	17095	20000		36000	
Sericulture	No. of mulberry tree	9999	3000	--	--	--	--	--		3000	
	Bush cultivation (acre)	0.80	14	--	--	--	--	--		14	
	No. of Silkworm rearer	42	35	35	35	35	14	35		35	
	DFL rearing (number)	76325	6000	1000	500	2000	800	2000		1000	
	Cocoon production (thousand)	6740	1300	250	10.2	400	44	400		250	
	Realization of service charge	48185	8000	2000	500	2000	3500	2000		2000	

Compo- nents	Particulars	Cumulative position '98	Target set for 1999	Quarter wise target set for and achivement made in 1999							
				1st Quater		2nd Quater		3rd Quater		4th Quater	
				T	A	T	A	T	A	T	A
Fisheries	No. of fish extention worker	--	25	10	10	15	15	--		--	
	Fish FRY/fingerling prod (No.)	2135000	750000	--	--	--	--	--		--	
	Supply of prawn post Larvae	11000	20	--	--	10	--	10		--	
	Waterbody under fish culture	56.25	275	100	7.75	175	38	--		--	
	Number of fish farmer	636	750	300	280	300	50	100		50	
	Realization of service charge		1000	--	2240	45000	17820	--		--	
Non farm activities	Establishment of new	09	05	01	01	01	01	01		02	
	Resturents (number)										
	Establishment of grocary	24	10	01	01	03	02	03		03	
	Shops (number)										
	Establistment of tailaring	--	10	01	01	03	02	03		03	
	Establishment of laundry shops	--	10	01	01	03	02	03		03	
	Realisation of service charge	6925	8760	2190	1480	2190	1860	2190		2190	

BRAC
RURAL DEVELOPMENT PROGRAM
QUARTERLY TARGET SET FOR AND ACHIEVEMENT MADE IN 1999
(ORGANIZATION DEVELOPMENT AND CREDIT MANAGEMENT)

AREA: JESSORE SADAR

SL. NO.	PARTICULARS	CUMULATIVE POSITION UPTO 1998	TARGET SET FOR 1999	QUARTER WISE TARGET SET FOR AND ACHIEVEMENT MADE IN 1999							
				1ST QUARTER		2ND QUARTER		3RD QUARTER		4TH QUARTER	
				T	A	T	A	T	A	T	A
1.	Village Organization	216	0	0	0	0	0	0		0	
2.	Membership	7692	228	70	80	60	60	40		58	
3.	Average member per VO	35.6	37	36	36	36.2	36.2	36.3		37	
4.	Bi-weekly savings (Tk)	7104667	1335903	329582	281197	332967	440454	335307		338047	
5.	Savings rate (Biweekly savings Tk)/Total Members	14	18	15	18.5	16	20.95	17		18	
6.	Current Savings Account (Tk)	13827	62454	38954	8327	47954	4077	54954		62454	
7.	Savings withdrawal	7745581	1300000	400000	298609	300000	433543	200000		400000	
8.	Total Savings	4755736	2746403	659215	524497	682342	723679	335307		338047	
9.	Outstanding Borrower (Nos.)	5842	6658	6064	6185	6214	6172	6424		6658	
10.	Disbursement (Lake)	104749777	28210000	7150000	6966000	6987500	6764500	6760000		7312500	
11.	Outstanding (Lake)	15681219	17693119	16461769	17226393	16990000	17072294	17110572		17693119	
12.	On time Recovery Rate (OTR)	90%	100%	92%	94%	96%	96%	98%		100%	
13.	% of Principal Outstanding with no.	85%	95%	87%	88%	90%	89%	91%		95%	

"T" and "A" Respectively stand for Target and Achievement.

BRAC
RURAL DEVELOPMENT PROGRAM
QUARTERLY TARGET SET FOR AND ACHIEVEMENT MADE IN 1999
(SOCIAL DEVELOPMENT)

AREA: JESSORE SADAR

Name of Program	SL. NO.	PARTICULARS	CUMULATIVE POSITION UPTO 1998	TARGET SET FOR 1999	QUARTER WISE TARGET SET FOR AND ACHIEVEMENT MADE IN 1999							
					1ST QUARTER		2ND QUARTER		3RD QUARTER		4TH QUARTER	
					T	A	T	A	T	A	T	A
INSTITUTION BUILDING	1.1	No. of Gram Shava Organized	937	1080	270	187	280	145	300		230	
	1.2	No. of Person Attended M/F	20986	27000	6750	2858	7000	3037	7500		5750	
	1.3	Total no. of Children Eligible for Sch	4109	87	87	80	0	0	0		0	
	1.4	No. of Children going to school	4024	87	87	80	0	0	0		0	
	1.5	No. of Palli Samaj (V.O. Federation) organized	7	11	3	3	4	5	2		2	
	1.6	No. of Members involved	110	165	45	50	60	72	30		30	
HRLE PROGRAMME	2.1	Total HRLE courses held	165	15	4	2	4	7	4		3	
	2.2	Learners Graduated (Nos.)	3866	330	88	42	88	167	88		66	
	2.3	% of Marriages held at Legal age	89%	0	0	0	0	83%	0		0	
	2.4	% of marriages Registered	68%	0	0	0	0	83%	0		0	
	2.5	% of Divorces held legally	7%	0	0	0	0	0	0		0	
	2.6	No. of local community leaders workshop organised	7	0	0	0	0	0	0		0	
	2.7	No. of Participants attended	253	0	0	0	0	0	0		0	
	2.8	No. of group leader workshop organised	53	33	6	3	9	8	9		9	
	2.9	No. of participants attended	957	594	108	52	162	108	162		162	

T and *A* Respectively stand for Target and Achievement.

BRAC
RURAL DEVELOPMENT PROGRAM
QUARTERLY TARGET SET FOR AND ACHIEVEMENT MADE IN 1999
(SOCIAL DEVELOPMENT)

AREA: JESSORE SADAR

Name of Program	SL. NO.	PARTICULARS	CUMULATIVE POSITION UPTO 1998	TARGET SET FOR 1999	QUARTER WISE TARGET SET FOR AND ACHIEVEMENT MADE IN 1999							
					1ST QUARTER		2ND QUARTER		3RD QUARTER		4TH QUARTER	
					T	A	T	A	T	A	T	A
EHC Program	3.1	No of Slab Latrine Distributed	3413	2340	585	403	600	488	550		605	
	3.2	No of Tubewell Distributed	422	480	125	103	120	94	115		120	
	3.3	Family Planning	No of Eligible Couple	17227	0	18124	0	18124	0	18124	0	
			No of Method Acceptors	54101	0	0	11792	0	12175	0	0	
	3.4		Medicine (Tk)	427179	480000	120000	48888	120000	55902	120000		120000
			BRAC Saline (Nos)	0	14400	2400	1911	3600	2283	4400		4000
			Delivery Kit (Nos)	140	480	120	72	120	46	120		120
			Iodised Salt (Kg)	4087	67700	16925	12102	16925	10138	16925		16925
			Hygienic Soap (Nos)	6043	44160	11040	7750	11040	4061	11040		11040
			Oral Pill (Cycle)	3629	14400	3600	4607	3600	3559	3600		3600
			Condom (Nos)	12201	24000	6000	3074	6000	3458	6000		6000
		Sold by ss	Vegetable Seeds (Packet)	1000	2000	1000	1000	0	0	1000		0
	3.5	Immunization	Number of Children (-1 YR) Immunized	5877	2819	0	691	0	708	0		0
			No of Preg Women Immunized	4077	3092	0	752	0	762	0		0
	3.6	Health Forum	HELD	2637	960	240	172	240	222	240		240
			No of Women Participated	38805	0	0	4628	0	5630	0		0

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